

# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, AUGUST 27, 1931



## Split Three Ways

Why do brokers, life insurance agents and agents sell the Accident contracts of The Employers' Group? We asked several of these gentlemen. Practically all of them gave the same three reasons. Contract, organization, service . . . these three, but the greatest of these is service.

No insurance man can afford to place accident insurance in a company that talks technicalities after the accident.

The Employers' Group doesn't quibble over personal accident claims. And the insurance man appreciates this fact.

The Accident Number of  
The Employers' Pioneer  
will give you some inter-



esting information. A request for your copy incurs no obligation.

**The Employers' Group**  
110 Milk St., Boston, Mass.

# NORWICH UNION

## SUBSTANTIAL

past performance, progressive management  
and demonstrated service are factors  
which recommend the NORWICH  
UNION to successful agents.

## NORWICH UNION FIRE INSURANCE SOCIETY, LTD.

75 Maiden Lane, New York

*Hart Darlington, Manager*

## Eagle Fire Company of NEW YORK

Incorporated 1806

75 Maiden Lane, New York

*Hart Darlington, President*

*The Oldest New York Insurance Company*

## NORWICH UNION INDEMNITY COMPANY

75 Maiden Lane, New York

*Hart Darlington, Chairman of the Board  
H. L. Callanan, President & General Manager*

*In NORWICH UNION there is strength*

# COMPANIES

"STRENGTH LIES IN DEEDS NOT SIZE"



*Photograph Courtesy Chicago Historical Society.*

*To prevent her heaping harvest of 1776 falling into the hands of the enemy Mrs. Schuyler, wife of the renowned revolutionary general, disregarded personal gain and showed great presence of mind by firing her fields and destroying a bounteous crop.*

**P**ERSONAL gain was sacrificed not only by Mrs. Schuyler, but by all the patriots who were fired with the desire for independence. Just such unselfish deeds closely knit these folks into a loyal group zealously fighting for the same cause of liberty.

Unusual deeds of service have also knit the agents and policyholders of the Eureka-Security Fire and Marine into a loyal group. For 67 years no insurance company has done more for its representatives and clients than the Eureka-Security which is now in a position to write all forms of insurance.

## The Eureka-Security Fire and Marine Insurance Company

*Established 1864*

Cincinnati Underwriters  
CINCINNATI, OHIO



"THE COMPANY THAT KNOWS WHAT TO DO FOR ITS AGENTS AND DOES IT"



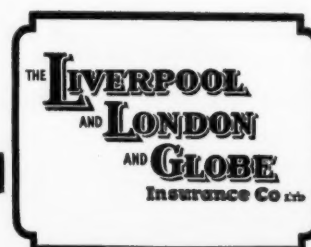


Ewing Galloway

## *contact..* with profit for you

To the aviator "contact!" means "ready to go!" Action follows instantly. The motive power is given its first turnover . . . the aviator takes off . . . alone. To the L. & L. & G., however, "contact" means more than mere provision of facilities . . . more than the mere turning over of "motive power" to you. The L. & L. & G. takes off with you on your exploration of new premium fields. In your own territory are lines that are often overlooked or undervalued . . . Use and Occupancy, Rental Value, Explosion . . . lines that demand a slightly different approach. L. & L. & G. specialists render cooperative assistance in the development of those lines . . . help you to analyze your market . . . assist you with your first "contacts" so that they will mean profit for you.

150 WILLIAM STREET . . . . . NEW YORK, N. Y.





# The National Underwriter

Thirty-Fifth Year No. 35

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, AUGUST 27, 1931

\$4.00 Per Year, 20 Cents a Copy

## Life Companies Seek New Pasture

Many Are Finding It Advantageous to Seek Local Insurance Agents

### OPEN NEW DEPARTMENT

Find That Line Can Be Worked Successfully if Special Man Is in Charge

Local and general property insurance agents are being solicited more and more to represent life companies. Many of the life companies, particularly the smaller or moderate sized institutions of the middle west, are shaping their agency development programs in the direction of making contracts with established local agencies.

Although many local agencies have been representing life companies and engaging in the life business for years, hundreds of others have more or less recently been attracted to the idea of representing life companies as a means of bolstering their incomes, which from fire and casualty sources have been declining.

#### Activity of Smaller Companies

The smaller and medium sized life companies seem more interested in these arrangements than do the large eastern companies. Probably this is because the eastern companies are pretty thoroughly planted where they want to be planted and have going general agencies and branch offices in strategic points. Most of the smaller companies, however, are still pioneering, opening new territory and concentrating in old territory. Some of them are finding that the practice of planting in local agencies is less expensive than any other method.

Some life companies who are developing in this direction, say that it is useless to plant in most local agencies unless a life department is created, and the right man selected to head that department. This company usually finds a life man and introduces him to the local agent who is receptive to a contract. The life company attempts to have the local agent employ the life man.

#### Local Agents Become Interested

A number of local agents are becoming interested in life insurance affairs and may develop into real factors in the business and in the affairs of organized life insurance agents. For instance, at the agency convention of the Columbus Mutual Life in Toledo recently, there were two well known local agents on the program. There was Wade Patton of Hutchinson, Kan., who is very active in the affairs of the Kansas Association of Insurance Agents, being its secretary, and Fred Swisher of Pratt, Kan., who is also one of the leaders in the Kansas association. Mr. Patton was honorary

## Bad Practices In Fire Insurance Are Reduced

NEW YORK, Aug. 26.—There seems to be a better feeling in fire insurance circles during the last two or three weeks because the aggressive competitive conditions that have been manifest since the first of the year have been toned down very materially. There were some hard hitting companies that went after so-called big business and particularly those that had plants in different sections, offering all sorts of inducements to capture lines. It was thought that the Interstate Underwriters Board was being used as the lever to pry the business loose but very often the I. U. B. was not in shooting distance. The I. U. B. machinery might have been used to secure a rate but after that the offices seeking the business acted independently.

#### Had a Disturbing Effect

This had a very disturbing effect all over the country. These lines gathered together affected agents in all sections. They found that risks that had been on their books for years had been gobbled up under a general floater policy of some sort. It was found in many cases that these risks did not warrant the treat-

ment they were receiving. Very liberal forms were granted and rates were used that were most attractive. Some times the situation became so grave that internecine warfare seemed at hand. Companies resented the onslaught of the aggressive offices. All, therefore, tried to hold their business against this sharp competition.

#### President's Organization Effective

The various sectional organizations tried to cope with the situation but they were found to be ineffective. At this time there seems to be a new spirit arising from the suggestion made that there should be a national organization of presidents of fire companies that would take in hand just such conditions as have developed since the first of the year. The New York insurance department evidently began to use the big stick and some of the big men in the business held conferences, when a pledge was made to call off the dogs of war. The companies evidently are cooperating because reports from all sections indicate that the field conditions have been greatly improved.

chairman of the convention. In his agency, F. G. McCain has charge of the life department, but Mr. Patton is much interested in the work.

Mr. Patton says that, although he has had a life connection for only a year and a half and Mr. McCain has been with him only since September, that the profits from his life department are greater than from all his other insurance operations combined. This is true, largely, he declares, because less overhead is included in the life department.

Not only are the life companies interested in entering local property insurance agencies, but they are interested in entering general property insurance agencies. Some general agents for fire companies have been put under contract by life companies to appoint new agents and have been successful in planting the life company with those fire agents who report to them.

#### Different Approach in Life Insurance

Some life companies have felt that connection with local agencies is bound to be profitable on the theory that clients of property insurance men will offer them life business voluntarily and without much soliciting effort on the part of the local agent. This theory is pretty much exploded, however. Much fire, automobile or compensation insurance and other casualty and fire lines, is placed without much sales effort. It is a competitive business and the salesmanship is based pretty much on what the agency has to offer in the way of service rather than on the necessity for the insurance itself. Few people buy life insurance of their own accord, without being solicited, and many property insurance men, not trained in life insurance selling, are not habituated to opening up personal questions which life insurance selling involves.

Accordingly, life insurance executives

## Hansen & Co. to Supervise General Group in Chicago

H. M. Hansen & Co. have been appointed general agents for the General of Seattle group, comprising the General of America, the First National and General Casualty, for Chicago and contiguous territory. The companies' operations will be consolidated in their new offices in 860 Insurance Exchange. The branch office at 300 West Adams street, Chicago, will be discontinued.

C. W. Davis, who has been Chicago branch manager, will continue with the companies with offices in St. Louis. H. T. Dahl, Jr., will continue as state agent, having his office with Hansen & Co.

now find that a life department with a real life insurance salesman at the head of it is needed to make a success in a local agency. The life insurance manager has access to the files of the agency, which is the principal advantage. He has the prestige of the agency behind him as well as of the company, but the life insurance technique must be employed in selling.

#### Some Large Companies Active

Planting with local agencies is not altogether confined to the smaller life companies. Some general agents for larger life companies, casting about for new blood, are putting local agencies under contract. Some of these life general agents consult hand books and circulate a principal agent in each town in a territory who is not shown to have a life connection.

Some agents find that not only do the fire and casualty departments supply prospects for the life department, but as the life department gains momentum, it turns up fire and casualty prospects.

## Loss Ratio Soars in the Southeast

Sharp Increase in Protected Dwelling Fires Blow to Underwriters

### FARM BUSINESS TABOOED

Few Risks Left to Burn in Lower Classes—Hard to Detect Dwelling Arson

ATLANTA, Aug. 26.—The experience on fire lines in southeastern territory for the first half of 1931 is the worst in many years. The loss ratio is even greater than in 1930 when it was 62 percent, the highest during the last decade. The peak of the losses was in January, the ratio barometer going almost to the eighties. The chart indicates from that period on down to the close of the six months period in June there was a slight decline each month and ended around the 64 percent mark, which was slightly higher than the figures for 1930.

The moral hazard has been the dominating cause of this condition. As proof all underwriters point to the fact that the losses on owner-occupied dwelling houses in the protected class, which have always been considered the cream of the underwriting business, have mounted to almost unheard of figures.

The normal loss ratio on this protected class ranges from 38 percent into the low forties and accounts for about one-third of the total premium volume. It has always been a very profitable class. But during the past 18 months the loss ratio on this protected class, in the southeastern territory has more than doubled and is now around 72 percent. While there are and always have been many problems to create concern among southeastern territory underwriters, this rise in protected class dwelling losses has been one of the greatest blows to the business.

#### Dwelling Arson Hard to Detect

In commercial and industrial fires adjusters and inspectors many times are able to detect clues of arson, but on dwelling losses they find themselves helpless and consequently all losses are paid.

Not only do the heavy losses indicate the great moral hazard, but the agents' reports also indicate this. These reports tell their own story about the occupant who recently lost a job, or who was formerly in some business venture and recently failed. In many cases it is found that the insurance carried was placed on valuations of three and five years ago and that the amount now far exceeds the value of the property on present day appraisals.

The above conditions apply alike to the first and second class towns and is widespread throughout the entire territory.

(CONTINUED ON PAGE 13)

## Nebraska Agencies Cleared by Legal Method: Herdman

### NO EVIDENCE OF CONSPIRACY

Commissioner Rules for W. U. A. Companies in Separation Case After Series of Hearings

LINCOLN, NEB., Aug. 26.—Nine fire companies affiliated with the Western Underwriters Association and their state agents have been exonerated by Commissioner Herdman of charges of conspiracy in connection with the clearing of mixed agencies.

Mr. Herdman's decision was given after a series of hearings conducted over a period of two months. The charges had been filed by Fred Walt and B. K. Bushee of Lincoln, representing companies not members of W. U. A., and were termed the outgrowth of a meeting of field men in Omaha last March. The complainants said that at the meeting, which heard addresses by officers of the W. U. A., a conspiracy had been formed to separate their agents from other companies with lower premiums and higher commission rates.

#### No Proof of Conspiracy

The fact that the various defendants had cleared their agencies was established by the evidence, but, said the commissioner, there was no proof that it had been accomplished through conspiracy. It was testified that separation had not been mentioned at the meeting, and that the officers present spoke on entirely different matters.

As for the act of separation, Commissioner Herdman says:

"The defendant companies in order to separate or clear the mixed agencies in which they were represented had no need for the Western Underwriters Association or any other organization. It was not necessary for them to enter into agreement, combination or conspiracy to accomplish this if they believed it desirable.

#### Lawful Method Presumed

"The officers of these defendant companies would indeed be simple minded men if they were to do in an unlawful manner what they can do in a lawful manner. There is a well known principle of law that where an act may be done in a legal or illegal manner, a strong presumption of the law exists that the act was lawfully done."

Mr. Herdman deduced from the testimony that the companies affiliated with Western Underwriters Association were facing a serious situation in loss of business to other companies represented by some of their own agents. These other companies were paying more attractive commissions, among other things, so the various defendants decided, Mr. Herdman said, to clear their agencies. But this was done individually, and therefore in compliance with the law, he decided.

### Portable Hammer Mill Hazard

The Grain Dealers Mutual Insurance Agency of Indianapolis calls attention to the hazard incident to the operation of portable hammer mills in and about barns and other farm buildings. Several companies suspend coverage under their policies during the period of operation of a portable outfit and for ten hours thereafter.

"Since under the provisions of all standard insurance policies," this agency points out, "the insurance is voided by increase of the hazard without notification to the insuring company, it behooves any farmer to secure the permission of his insurance company before having his grinding done by a portable. Otherwise he is likely to find himself without a barn and without any insurance as the operation of one of these portable outfits is certainly a serious increase in the hazard of an ordinary farm risk."

## Miller Appoints Body to End Maligning of Agents

President C. S. S. Miller of the Insurance Advertising Conference, announces the appointment of a "frontier safety" committee to protest improper treatment of insurance agents by cartoonists and magazine writers. "It is time they stop treating the insurance salesman like a hound dog," Mr. Miller declared. "We don't object to a little good natured humor any more than anyone else, but we naturally do not like to have aspersions cast upon the men who are selling our product." Membership of the committee will be announced shortly, according to Mr. Miller.

## Home Fire Claimants Are Ordered to File in 60 Days

MONTGOMERY, ALA., Aug. 26.—Circuit Judge W. B. Jones of Montgomery has issued an order in the case of H. C. Crenshaw vs. American Surety, requiring publication in daily newspapers that all Alabama claimants against the Home Fire of Little Rock shall file their claims with the court within 60 days from Aug. 12, otherwise they will be barred. The claimants are to participate in a \$20,000 bond in the American Surety posted with the state by the Home Fire, under the Alabama retaliatory insurance tax law, which recently was declared void by the supreme court.

Crenshaw who is one among numerous claimants for unearned premiums and unpaid fire losses, filed a bill in chancery maintaining the bond was liable for satisfaction of Alabama claimants. He suffered a fire loss of \$600 on his residence. The American Surety entered demurrer disclaiming liability chiefly on the theory that the Alabama retaliatory law has been declared void, but Judge Jones overruled it. Many claims are from insurance agents or firms that have refunded unearned premiums to their customers for policies held in the Home Fire. One claim is from Hurt & Quin, Atlanta general agents Lincoln Fire, for \$4,327. They say that prior to the Home Fire failure, W. B. Folmar & Sons, Troy, Ala., were agents for the Lincoln Fire and Home Fire, and that when the latter collapsed, Folmar & Sons took an assignment from each policyholder for the unearned premium and delivered each a policy in the Lincoln Fire.

## Adjuster's Job Difficult With Values on Toboggan

### LITIGATION IS INCREASING

Assureds, Claiming Face of the Policy, Vexatious—U. & O. Losses Are Troublesome

Adjustment work has probably never been more difficult than today. With prices and values declining, the assured is dissatisfied with the proffered settlement. After the war, adjusters who attempted to settle losses on the basis of what the property originally cost the assured, were met by the statement: "I'm not interested in what I paid for the property. I'm entitled to collect on the basis of what I could have gotten for it at the time of the fire." That attitude is not evident today when adjusters offer a settlement based on present day values. The assured contends that he is entitled to the face of the policy.

Claim men report that more cases are going to litigation than ever before. Lawyers are hungry and assureds either consult their attorneys when some minor dispute arises in the settlement of a loss or else threaten, as a bluff, to consult their attorney.

In addition to much unreasonableness on part of the assured, the adjusters are hard pressed by the companies to adjust losses strictly according to contract and at rock bottom figures.

Many use and occupancy disputes develop in the course of the adjuster's work. For instance, one of the large adjustment services is being pressed by an agent to adjust a U. & O. loss on the basis of reduced production, rather than on the basis of net profit and fixed charges. In many cases there would have been no net profit made had the business been able to continue uninterrupted. Settlement is based on fixed charges and there is likely to be much wrangling over those items.

Cases are being referred these days to attorneys or are being solicited by attorneys, who have not had experience in insurance adjustment and do not know the first principles. They take the popular view that in the event of a total loss the company should pay the face of the policy and argue that, if the company was not prepared to pay on that basis, it should have reduced the amount of insurance on the property, so that the insured would not be paying for coverage to which he was not entitled. These attorneys depend on the popular ignorance of insurance principles and prejudice against insurance companies, for a verdict from the jury.

## List of Delegates to Blue Goose Grand Nest Given

Paul E. Rudd, grand wielder, makes public the list of delegates to the grand nest meeting of the Blue Goose in Milwaukee. In most ponds alternates have been designated, so that there may be changes at the last minute. The list follows:

California, E. L. Gilbert, Los Angeles; Colorado, A. J. Lehwaldt, F. E. Brown, Denver; Dakota, D. P. Lemen, Sioux Falls, S. D.; Joseph McCann, Fargo, N. D.; Georgia, C. T. Wilcoxson, G. K. Croft, Atlanta; Heart of America, C. W. Bean, T. O. Nuckles, Kansas City; Illinois, P. J. V. McKian, J. T. Harding, Chicago; Indiana, Ross A. Moore, R. S. Fitzgerald, Indianapolis; Iowa, C. D. Wherry, Des Moines.

Kansas, H. T. Stephens, F. L. Britton, Topeka; Kentucky, W. E. Clark, Louisville, W. H. Strossman, Lexington; Manitoba, J. N. McLeod, Winnipeg; Michigan, W. T. Benallack, Detroit; R. N. Menzies, Jackson; Mississippi, W. L. Burnham, Jackson; Montana, W. L. McCallum, Great Falls, F. J. Sullivan, Butte; New England, F. F. Porter, H. V. Thayer, Boston; Ohio, B. F. Flood, Columbus, R. W. Hukill, Norwood.

#### Canadian Ponds Represented

Quebec, J. D. Cherry, Montreal; H. Churchill-Smith, Montreal; Texas, V. D. Hoffmaster, R. U. Wright, Dallas; West Virginia, I. F. Minan, Wheeling; Arkansas, J. M. Lester, Little Rock; Empire State, G. F. Krank, Albany, A. L. Ross, Rochester; Louisiana, W. J. Gayle, New Orleans; Nebraska, L. H. Bridges, Omaha, R. H. Baldwin, Lincoln; San Francisco, E. M. Northrup, R. M. Carr, San Francisco; South Texas, H. A. Yarbrough, San Antonio, D. M. Pollard, Beaumont; Carolinas, W. F. Prioleau, G. O. Riley, Columbia, S. C.

New York City, M. C. W. Bechenberger, New York, S. A. Mehorter, Newark; Seattle, W. P. Cassell, Seattle; Oklahoma, F. C. Newcomer, T. R. Phillips, Oklahoma City; Utah-Idaho, I. W. Story, Salt Lake City; Ontario, R. H. Leckey, L. T. Hargreaves, Toronto; St. Louis, J. B. Taylor, J. T. O'Donnell, St. Louis; Pennsylvania, J. R. Knowlan, G. F. Krundick, Philadelphia; Alabama, J. L. Fulghum, Montgomery; Minnesota, B. K. Cowles, Minneapolis, G. A. Roberts, St. Paul; Chesapeake, H. L. Rose, Baltimore; Wisconsin, P. E. Rudd, E. O. Spink, Milwaukee.

## Sixteen States Have O.K.'d the New Reporting Forms

The Interstate Underwriters Board has advised members that the new multiple location reporting forms A and B with premium adjustment at specific rate at each location have been approved and may be used in Alabama, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Nebraska, North Carolina, North Dakota, Ohio, South Carolina, South Dakota and Tennessee.

These forms were adopted in June by the Eastern Underwriters Association, Western Underwriters Association and Southeastern Underwriters Association to take the place of the old general cover form, now rescinded. The printed forms for agents' use in cover business limited to a single state may be obtained from the rating organization having jurisdiction.

#### Statement from I. U. B.

"It is expected," the Interstate Underwriters Board declares, "with the publication of the rules and forms, each rating organization will provide the means (through duplicate copies of daily reports, or otherwise) of informing the Interstate Underwriters Board of business written, together with copies of endorsements, and/or cancellations. This will enable the I. U. B. to follow up reports of values and necessary audits, requiring final premium endorsement to pass through its office. Copies of monthly reports of value must be sent by company members direct to the I. U. B."

## CONDENSED NEWS OF WEEK

Better feeling in fire insurance circles manifest as vicious competition tones down. **Page 3**

Small and middle sized life companies of middle west making drive to plant with local and general property insurance agencies. **Page 3**

Loss ratio in southeast soars during first half of this year. **Page 3**

Preparations for Blue Goose grand nest meeting in Milwaukee Sept. 8-10 practically completed. **Page 8**

Nebraska commissioner clears W. U. A. companies of conspiracy charge in connection with separation activities there. **Page 4**

Montana agents meet at Great Falls. Midkiff reelected president. **Page 5**

Wisconsin Blue Goose opposes movement to open membership to casualty men. **Page 8**

Columbus, O., company enters field of financing insurance premiums. **Page 10**

Chicago general agents report on cost control plan there. **Page 32**

Final arrangements are made for the entertainment features for the National Convention of Insurance Commissioners at Portland, Ore. **Page 5**

Rules adopted in Wisconsin under which company-members of inspection bureau are to write undesirable compensation risks under compromise "pool" plan. **Page 31**

Earl C. Mills urges accident companies to support movement for reduction of automobile accident toll. **Page 34**

Fidelity & Deposit shows need for collateral in connection with court bonds. **Page 36**

Increase in plate glass replacement cost stirs companies to action. **Page 34**

Globe Indemnity is moving its head office to the Royal building in New York City. **Page 33**

Contract bond for \$7,000,000 on new Chicago postoffice closed. **Page 32**

Bankers' blanket bond rates on incorporated banks increased 10 percent by Towner Rating Bureau. **Page 31**



## Strength Found In Organization

**J. K. Pratt Tells Montana Agents  
How Local, State and National  
Associations Aid Them**

### MIDKIFF IS PRESIDENT

**Committee Named to Draft Qualifica-  
tion Law for Presentation to Next  
Montana Legislature**

The value to the local agent of membership in his local, state and national organizations was stressed by J. K. Pratt of Eugene, president of the Oregon Insurance Agents Union, affiliated with the National Association of Insurance Agents, in his address before the annual meeting of the Montana Association of Real Estate Dealers & Insurance Agents at Great Falls. He urged the Montana association members to continue their efforts to keep the state group functioning properly. He quoted President Theodore Roosevelt to the effect that every man should devote some of his time, talent and money to the general welfare of the particular activity which provides him with sustenance, and said that the price of good organization is everlasting toil and vigilance.

#### Can't Fight Battles Alone

Mr. Pratt stressed the necessity for every agent writing fire or casualty lines belonging to his local board, which in turn would be a part of the state group, and that in turn a member of the National Association of Insurance Agents.

"You can't fight your battles alone," he said. "Increased membership in an association means the combining of more ability and gives you more protection."

He likened memberships in the state and National associations to an insurance policy on each man's business.

#### Tells Local Board Value

He also sketched the effectiveness of the local board, giving examples of how it has worked in Oregon. The members of the local board also belong to the state and National associations, he said, which protects against the opening of

## Issue New Call to Arms for the Fall Campaign

Company executives and managers undoubtedly will issue a new call to arms in September so far as field work is concerned. They will hitch up their belts, take a deep breath and sound a new note. As a matter of fact prosperity is not directly around the corner, although some people in high official position and elsewhere have endeavored to stimulate optimism by this sort of prediction. Those in charge of company operations undoubtedly feel that the time has come when sales forces and those supervising them must appreciate existing conditions, meet them, prepare for the demands as they are made at present and not expect to find a sharp turn upward.

#### In for a Hard Pull

Executives feel that while there will be improvement from time to time the country is in for a pretty hard and long pull. The whole business machinery has been out of gear and proper relationship for some time. This brought on a tremendous production and the collapse has created much disorder. In the readjustment and attempt to get back to more normal conditions executives realize that there are certain steps that must be followed and courses pursued.

#### Day of Order Taker Gone

In the first place, they make the point that the day of the order taker is gone. The expert salesman, the experienced man, the service giving agent is needed. Insurance has to be sold now. It will not be bought as heretofore. People have not the money to buy something that they feel they may not need. They are not looking for luxuries. They want their dollar to go as far as it can. Therefore the insurance man must study the needs of the prospect very carefully and put himself in his place. He must write out an insurance program that is practical, as economical as possible, that is perfectly safe and that will take care of his definite needs. There is no time for any tassels or adornments.

Those that are not able to buy insur-

undorsed agencies in the town or city. Included in the state setup are regional directors, under whom key men in all important towns work.

Mr. Pratt referred to the "branch office evil" as one that will hurt business of agents in towns where branch offices are established. "Under the branch office plan," he declared, "every Tom,

and cannot pay their bills should be shunned. Executives are instructing their agents not to issue policies where they are taking big chances on the premium being paid. There is entirely too much free insurance being written. There will have to be a more careful selection and more work put on those that can afford to meet their financial obligations. Naturally there must be a systematic program of collection. Loose and cursory methods will have to be abandoned. People who are chronically delinquent will be dropped. An effort will be made to extract a profit out of a smaller business. The item of net profit will be emphasized. If it is possible to so select and underwrite a business that a good proportion of profit can be made, that is about all that can be asked.

#### Will Study Conservation

Companies will exert far more influence in the way of conservation. That is, they will endeavor to save what they can out of the business on their books. Values are down and there is very little actual new business. Sidelines and new features will be brought to the attention of the assured. The smaller premiums will be looked at with a far more friendly eye. There are many small premiums that have been ignored because agents were after the bigger game.

It will mean harder work, greater effort, more study, a dipping into the mental and physical reserves, a keener alertness and a greater determination. Companies realize that it is futile to preach false hope and have one disappointment after another arise. They believe the time has come to view the situation philosophically and deliberately set up a program that will be adaptable to present day conditions. There is no reason to sound a note of pessimism but intelligence must be used in mapping out a course to follow. The men of ability, industry, mental alertness, vision, heroism and determination will win in spite of all obstacles. That is the new note that is being sounded. —C. M. C.

Dick and Harry can write policies, and many of them are inept." Although 99 percent of the general agents of insurance companies are loyal and ethical, the association aims to regulate the remaining 1 percent who are not.

He explained that the National association is taking steps to combat a be-

(CONTINUED ON PAGE 13)

## Finishing Touch on the Program

**Entertainment Plans for the Na-  
tional Convention of Insurance  
Commissioners**

### AVERILL IS THE HOST

**Oregon and Portland Will Offer Some  
Attractive Features for This  
Romantic Trip**

PORTLAND, ORE., Aug. 26.—Plans are rapidly taking shape for the sixty-second annual meeting of the National Convention of Insurance Commissioners which will be held here.

The Rocky Mountain and Pacific Coast states division of the convention, of which Commissioner H. O. Fishback of Washington, is chairman, meet Sept. 12, when problems of especial interest and concern to this territory will be discussed and a report prepared for presentation to the convention proper.

Headquarters have been established at the Multnomah Hotel and registrations are pouring in on the hotel, A. H. Averill, Oregon commissioner and official host, and the general committee say.

#### Arrange for Entertainment

This being the first holding of the annual meeting of the convention in the Pacific northwest territory since 1924, Portland, Seattle and the major cities of the Pacific Coast are arranging attractive programs for the entertainment and diversification of the state officials, their official families and guests.

As the special trains carrying the commissioners and guests will be routed northward the insurance interests of Seattle and Washington have planned an excursion to Rainier National Park and other points of interest en route to Portland. After the convention, the commissioners will journey southward and many will attend the convention of the National Association of Insurance Agents at Los Angeles Sept. 21-25.

The chief entertainment attractions to be provided by Portland and Oregon will be specially arranged and conducted sight-seeing trips in and about

(CONTINUED ON PAGE 13)

## TO SPEAK AT INSURANCE COMMISSIONERS MEETING



COL. H. P. DUNHAM, Hartford  
Connecticut Commissioner



G. S. VAN SCHAICK, Albany  
New York Superintendent



GARFIELD W. BROWN, St. Paul  
Minnesota Commissioner



C. C. GREER, Montgomery  
Alabama Commissioner



**If you hold  
a valuable  
lease.....  
INSURE  
IT**

**N**EARLY all leases carry a fire cancellation clause. The wording varies in different sections, but the effect is to cancel your lease in case the property is badly damaged by fire.

If your lease were cancelled, would you have to pay higher rent for comparable quarters elsewhere? Would you lose present or potential profit from sub-leasing? In either case, your lease and its continuance have a definite cash value to you. You can insure that value at very reasonable rates with ALLIANCE Leasehold Interest Insurance, covering fire, explosion, windstorm and sprinkler leakage.

It will pay every lessee to have an ALLIANCE Agent examine his lease for the fire cancellation clause and prescribe the correct amount of Leasehold Insurance.

*Ask your*  
**ALLIANCE**

The SATURDAY EVENING POST

An hour later a white sheet of flimsy board of Jackson read:  
FIVE UNDERSTAND BELL TONS COME FROM  
Fifteen minutes Jackson stuck through the door.  
"Feeley is self announced."  
"That's a lie," told him.  
"Feeley's tonners that the buying Goliath? W." The jump from the skin of from last night at that, was opening set Mr. Jack head sadly mented. "I have a good counts?" C without m His ass Was, in far ded his he these," he careful. W for the Co. His part, fully consi was going said after ben think go on one times and while." "Smart senor. The tel "Goliath Azate is o quarter. Mr. Jack gloomily. "he closed the vney," that t out of work it

MR. CUTT alone in paneling had o ary, Beveland Worcesterhire, its ribbon into b "Four thoug Three hundred dred at 14. One Mr. Cutters cigar and glance on the desk bef vent on. The g looked down in "Eleven hund 37. Four hund One hundred O dred at 83½. "Gr-crump- King-

**OPENING** the door  
to another profitable line for  
**The Alliance Agent.**



THE  
ALLIANCE INSURANCE COMPANY  
OF PHILADELPHIA

**Head Office: 1600 Arch Street, Philadelphia**

**CHICAGO**  
209 W. Jackson Blvd.

**SAN FRANCISCO**  
231 Sansome Street

ATLANTA  
8th Floor, Hurt Bldg.

## *Service to School Board Develops Added Premiums*

Wide-awake agents make their own opportunities for writing business, it is demonstrated by an experience of B. P. Carter, general agent at Richmond, who some months ago saw a news item stressing the need for adequate cover on Richmond schools. The item related to a letter sent division school superintendents by S. B. Hall, state superintendent of public instruction. Dr. Hall recommended that all school buildings be appraised by a competent committee, that each building be fully insured and that all school houses of four rooms or larger be provided with approved soda-acid fire extinguishers. He said in a period of a few months there have been five fires resulting in almost total loss of school buildings.

Mr. Carter saw in this an opportunity to serve his agents, who in turn could render taxpayers a distinct service. He wrote all agents reporting to his office, quoting the article and adding that it appeared to be an opportune time for them to solicit additional insurance on school properties.

He suggested that they visit the county superintendent and explain that the county could secure full insurance protection by carrying insurance of only 90 percent of its value. By submitting a statement of values to the rating office, he pointed out, an average rate would be furnished at which insurance might be written under blanket form covering every school and/or contents in the county with 90 percent coinsurance clause attached.

By this method, the county might insure its schools and/or contents for only 90 percent of the value yet secure 100 percent coverage on each school, whereas when insuring schools specifically it was necessary to carry 100 percent insurance in order to collect full value in case of loss.

Mr. Carter enclosed a specimen copy of blanket form and copy of the application for average rate. He says that he immediately received a number of inquiries from agents, many of whom requested that he appear before their school board and explain the coverage. The result has been that agents reporting to his office have been successful in showing quite a number of counties and cities the advantages of the form.

In most cases it was necessary to increase the insurance to comply with the 90 percent coinsurance clause. In submitting the matter, his agents did not bid for the insurance carried by other agents but simply asked the school board to give them the additional insurance taken.

In addition to city and county schools, a number of colleges in the state have also adopted the form, according to Mr. Carter. So far the campaign has resulted in several thousand dollars in new premiums to agents representing his office, as well as having given the taxpayers of the state the broadest coverage they could secure for the least amount of money.

## SAVE ON DEDUCTIBLE FORM

DALLAS, Aug. 26.—Dallas public schools will save about \$5,000 a year on windstorm insurance through new policies with deductible clauses. Insurance men who attended a school board meeting urged readvertising for bids on this form. Award had been made to the Andrews-McDowell agency and I. Reinhardt & Sons, all school buildings to be covered against wind and hail damage for about \$11,000 premium. Without the deductible the cost would have been \$16,000. Losses of less than \$250 on frame buildings and of less than \$1,000 on fireproof buildings are not covered.

## NEWS OF THE COMPANIES

## Report on I. G. A. Mutual | Amendments Are Authorized

## Minnesota Department Gives the Result of the Examination of the Company

The I. G. A. Mutual of Minneapolis, which confines its insurance to members of the Independent Grocers Alliance, has been examined by the Minnesota department as of Dec. 31. O. D. Hauschild and H. H. Hunt, president and secretary respectively, are operating the Retail Lumbermen's Inter-Insurance Exchange of Minneapolis, a reciprocal. The I. G. A. Mutual is licensed in Minnesota and North Dakota. Earl J. Neutron is general agent, receiving 25 percent of the net premiums. The gross fire premiums for the year were \$41,988 and tornado \$1,817. The net premiums were \$9,075. The total income was \$37,674, gross losses \$8,982 and the net \$4,964. The total disbursements were \$37,311. The term "net premiums" is not defined in the commission agreement with the general agent. The assets are \$15,189, premium reserve \$4,045, total liabilities \$7,043, surplus \$8,146.

## United Pacific Liquidating

The United Pacific Fire of Seattle is in process of liquidation. Until recently it was working under an arrangement whereby its business was automatically reinsured in the Phoenix of Hartford. The gross premiums for 1930 being \$119,455, the management decided that its volume of business did not warrant its continuing in business.

### Stockholders of Firemen's of Washington Approve Move Looking Toward Capital Increase, Broadening

At a special meeting of the Firemen's of Washington, D. C., stockholders unanimously voted to adopt directors' recommendations to amend the charter to permit writing additional forms, and also an increase in capital. The proposed amendments must be approved by Congress before becoming effective, the company originally having been chartered by Congress in 1837.

The company, according to officials, will not increase capital at this time, but may when business conditions warrant. The proposed amendment would authorize \$1,000,000 capital. It is possible that the capital increase may come in 1937, which will mark the company's 100th anniversary.

**Mutual Fire, Maryland**

Further extension of time until Feb. 15, 1932, to restore its surplus to at least \$200,000, the legal minimum, without the necessity of levying an assessment was granted the Mutual Fire of Harford county, Md. this week by the Virginia corporation commission after assurance that steps were being taken. The company was cited early this year. Several extensions were granted. At the last hearing the company's officials expressed confidence that the surplus could be fully restored by Feb. 15 without levying on policyholders.

# “ - - - our customers wouldn't like it”

“Our customers would resent it if we suggested paying for insurance on the installment plan.” This is an opinion held by some agents, however they have never presented the installment paying method to their clients.

You will be surprised by your actual experience with installment payment of insurance premiums. Your biggest customers buy machinery, automobiles and many other articles on this plan of financing. They have had a long experience with it. The pioneering work has been done. You can take advantage of it.

Putting collections on a sound basis improves your relation with slow pay customers. They are probably buying some insurance in other agencies now. They do not want to owe you any more. Finance their premiums. They will feel that they have settled for what they owe when each month's installment is paid. They will then buy more from you and pay for it. The department stores discovered this long ago.

You get your money at once—The plan costs you nothing.

## **The National Guarantee and Finance Company**

John E. Davis, Pres.

306 Yuster Bldg., Columbus, Ohio



### **A Plan**

#### **Which Saves Good Business for Your Agency**

Find out for yourself. Use the inquiry form on this page. Premium financing will be handled for qualified agents of Fire & Casualty Companies.

The National Guarantee & Finance Company,  
306 Yuster Bldg.,  
Columbus, Ohio.

Maybe you're right about installment payment of insurance premiums. At least we believe we ought to find out about The National Guarantee and Finance Company plan. You may send us explanation and forms used. We understand this imposes no obligation on us.

Agency .....

Street .....

City .....State .....

# NEW HAMPSHIRE FIRE INSURANCE CO. MANCHESTER, N.H.



## SIXTY-FIRST ANNUAL STATEMENT January 1, 1931

Assets	
United States Bonds.....	\$3,213,000.00
State and Municipal Bonds and Stocks.....	12,104,678.97
Canadian Bonds, Government and Municipal.....	276,930.00
Foreign Bonds .....	122,100.00
Real Estate .....	381,500.00
Agents' Balances .....	821,929.20
Accounts Receivable .....	202,787.33
Cash in Banks .....	627,252.47
	<b>\$17,750,177.97</b>
Liabilities	
Capital Stock .....	\$3,000,000.00
Unearned Premium Reserve .....	5,212,038.21
Reserve for Losses .....	635,810.66
Reserve for Taxes and Other Liabilities.....	371,075.65
Reserve for Dividends Declared and Unpaid.....	150,514.44
Net Surplus .....	8,380,739.01
	<b>\$17,750,177.97</b>

**POLICYHOLDERS' SURPLUS \$11,380,739.01**

**AFFILIATED COMPANY**

**Granite State Fire Insurance Company**  
Portsmouth, N. H.

### Wisconsin Pond Opposed to Casualty Membership Move

#### SHARES ILLINOIS SENTIMENT

Home Nest Delegates Instructed, by  
95 Percent Vote, Against  
Proposal

News has been received that 95 percent of the members of the Wisconsin home nest of the Blue Goose, at the annual meeting, voted against the proposal to admit casualty men to the order and called for strong opposition to this move.

The Illinois pond recently took a similar position on the ground that the inclusion of casualty men would destroy the homogeneity of the order.

The prospect is that a hot contest will be staged at the grand nest meeting in Milwaukee over this proposal. The Wisconsin delegates have been instructed to vote against it, and inasmuch as Wisconsin is the home nest of the Blue Goose, their influence is likely to be felt.

#### Sentiment in Wisconsin

The sentiment in Wisconsin was that for 25 years the fire insurance men have been building an organization of their own and it should remain strictly a fire insurance order. The majority of the members felt that although the group life insurance of the Blue Goose might be strengthened by admittance of casualty men, that the life insurance feature could not be permitted to dominate the Blue Goose at the expense of tradition and the fine social relationship of men with a common business tie.

There is no feeling against casualty men in the Wisconsin pond, and there is none in the Illinois pond. The feeling is merely that casualty insurance is still a separate enterprise, with its own traditions and identity. Fire insurance is the tie that binds in the Blue Goose and members of the Wisconsin pond feel that this tie would be loosened if casualty men were admitted.

#### Casualty Men Not Interested

Some of the Wisconsin members, privately, also make the point that casualty men have made no request for admittance to the Blue Goose and that they are not interested in the controversy as to whether they may or may not be admitted and they do not seem to be particularly attracted by the life insurance benefits.

Although casualty men do not have an order comparable to the Blue Goose, in most towns they do have convivial organizations or find occasion for getting together in a social way. These gatherings are limited pretty exclusively to casualty men, because their interests are naturally among themselves. Wisconsin men feel, as the Illinois pond does, that if casualty men were admitted, Blue Goose gatherings would be divided about as distinctly as the Quaker meeting, where the men sit on one side of the aisle and the women on the other. There would not be any feeling between the two groups, but they would naturally split up.

#### Kilgore Incendiary Fires

The Texas authorities, it is assumed, will be able to deal effectively with the considerable number of supposed incendiary fires that have occurred in the oil fields in and about Kilgore recently, and which it is thought are the work of persons incensed over the closing down of the wells by Governor Sterling's order. The fire marshal of Texas has three agents in the state, while the arson department of the National Board maintains two others.

#### Company Notes

The Marine of London, Central Fire of Baltimore and American Automobile Fire of St. Louis have been admitted to Utah.

### Program for Blue Goose Rally Is Nearly Complete

#### PREPARATION IS ELABORATE

Get-Together Dinner, Business and Entertainment Features Ready for  
Grand Nest Meeting

MILWAUKEE, Aug. 26.—Plans for the grand nest meeting of the Blue Goose in Milwaukee Sept. 8-10, now are practically complete, Grand Wielder P. E. Rudd, general chairman of arrangements, reports.

Speakers at the silver anniversary good-fellowship banquet, at which Ernest Palmer of Chicago will be toastmaster, will include W. E. Atwater, past most loyal grand gander, known as "father of the Blue Goose" because he was the first M. L. G. G. He will speak for the charter members.

#### Program for Banquet

Response will be by M. L. G. G. H. L. Rose, following which E. M. Northup, past M. L. G., San Francisco pond, will discuss "The Cardinal Principles of the Blue Goose Order." J. D. Cherry, Quebec pond, Montreal, will speak on "Interdependence," and he will be answered by W. T. Benallack, Michigan pond, Detroit, the oldest living past M. L. G. G., and who never has missed a grand nest meeting. In his response to Mr. Cherry, he will discuss "Fraternalism."

W. F. C. Fellers, Florida pond, who undoubtedly will be the next M. L. G. G., will discuss "Good-Fellowship" as the final speaker on the banquet program. Orchestra music will be played during and following the dinner and a special "surprise feature" is planned.

#### Entertainment for First Day

The first day will be devoted entirely to entertainment, with golf for the men and a sightseeing tour for the ladies. Foursomes will be arranged for those ladies desiring to play golf. In the evening the entire group will attend a theater party.

Wednesday the annual grand nest business meeting will commence, with M. L. G. G. Rose of the Chesapeake pond, Baltimore, as chairman. It is planned to have an address of welcome by a member of the Wisconsin home nest, and D. W. Hoan, Milwaukee mayor, is to give a brief talk.

Wednesday evening a boat ride on Lake Michigan will be provided for ladies and men, and Thursday morning the business sessions will be resumed. The good-fellowship banquet on the last evening will wind up the silver jubilee anniversary activities.

#### Ladies Not Overlooked

Ladies will be well taken care of during their stay. A visit through a hosiery plant and shopping tours Wednesday morning are planned, with luncheon and bridge at the Wisconsin club. Individual members of the home nest offer their services to the ladies in visiting points of special interest in Milwaukee.

Walter Schroeder, of Chris Schroeder & Sons, will furnish the silver cup which will be the principal trophy awarded in the men's golf tournament.

#### Protect Lawn Adornments

The Automobile of Hartford is now issuing a policy providing protection against loss or damage to trees and shrubbery by fire. The policy, in addition to covering trees and shrubbery, also insures other ground improvements such as arbors, benches and pergolas. Very often trees and other ground adornments are damaged in case a dwelling burns.

Allen Winham, local agent at Texarkana, Ark., is a candidate for the Democratic nomination for mayor in his city.



### *History Tells Us—*

That the first reinsurance contract of record was in 1370, when one Guilano Grillo made a contract with Goffredo Benaira and Martino Sacco reinsuring a ship on part of its voyage from Genoa to the harbor of Bruges.

From that early beginning the facilities of companies specializing in the reinsurance business have been expanded and extended to cover every ramification of the direct-writing field.

# REINSURANCE

## INTER-OCEAN REINSURANCE COMPANY

CEDAR RAPIDS, IOWA

RICHARD LORD, President  
ROY E. CURRAY, Secretary  
KARL P. BLAISE, Asst. Secy.

**FIRE**

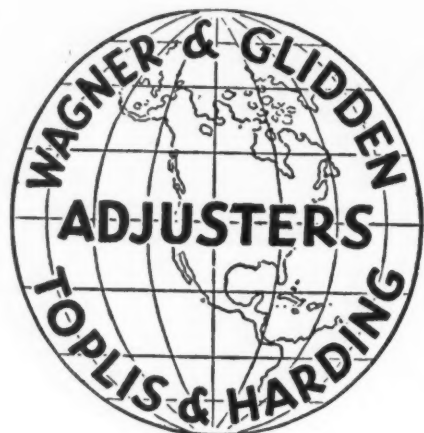
**TORNADO**

**AUTOMOBILE**



SERVICE UNEQUALED

## ALL OVER THE WORLD



An organization of specialists in the handling of all claims, including—

AUTOMOBILE — AVIATION — USE & OCCUPANCY—FIRE—TORNADO—RENTAL — SPRINKLER LEAKAGE—FURS—JEWELRY—ALL RISK BURGLARY — LIVE STOCK — BLANKET BONDS — RADIUM—FINE ARTS.

CHICAGO — NEW YORK — PHILADELPHIA  
LOS ANGELES—SAN FRANCISCO  
MONTREAL—LONDON—MANCHESTER  
STRASBOURG—ANTWERP—GENOA  
ALEXANDRIA—CAIRO—SHANGHAI  
PARIS—MARSEILLES—NICE

*Represented in every principal city in the world*



### Finance Company Actively Enters Field of Insurance

#### PROCEDURE EASY FOR AGENT

National Guarantee & Finance, Columbus, O., Busy—to Start New York Running Mate

The National Guarantee & Finance Company, Columbus, O., a concern with many years experience in the installment financing field, is entering actively into the business of financing insurance premiums. It has assets of more than \$1,400,000. On the board are a number of the leading business men in Ohio. John E. Davis is president.

The agreement which the National Guarantee & Finance Company makes with the agent is simple. The agent warrants that the policy is valid, that he has collected 30 percent of the total premium from the policyholder and that he will cancel the policy at once upon notification if the policyholder defaults in his payments.

The contracts which the assured signs with the National Guarantee & Finance Company contain no mortgage provision and involve no credit investigation. After paying 30 percent of the total premium to the agent, the remainder is paid in 10 monthly installments, directly to the finance company, which handles the entire transaction by mail. A small service charge is made. This is spread over the 10 months.

#### Agent Gets Entire Premium

Upon receipt of the necessary contract with the assured, the National Guarantee & Finance Company sends the entire remainder of the premium to the agent so that he gets his entire money for the premium within a few days after the transaction is completed. Particularly in the middle western states, the company is in position to give personal service to agents through nine branches. It also has a subsidiary in New York City. A separate corporation for the financing of insurance premiums has been organized in New York state. This is known as the N. G. F. Corporation. W. S. Mays, well-known in the field of deferred payment insurance is vice-president of the N. G. F. Corporation. John E. Davis is also president of this organization. Offices are at 1 Park Avenue. The New York office will handle the business for New York and New England.

As soon as contract with the assured is received in the office of the National Guarantee & Finance Company, a communication is sent to the assured outlining the method of payment and presenting in a booklet with perforated sheets, convenient slips to be used in handling the payments.

#### Promotes Sales

Agents are finding that the installment finance plan is useful both for collections and for promoting sales. Much of the expense and time involved in collection work of an agency is due to about 15 percent of the agent's accounts. If these are handled with the installment financing method, this time is saved to the agent for soliciting. Many times cancellation of policies may be averted by presenting the monthly pay method. The evil of free insurance can be met in the same way. Since the down payment on a three year term policy, when using the installment paying plan, is less than the annual premium, an agent may also use premium financing for safeguarding his term business.

Indications are, according to the National Guarantee, that the development of premium financing will follow the trend of financing in other merchandising fields where the principal service of the plan is to promote more and larger sales. Frequently insurance men lose business because the premium outlay looms too large in the mind of the

### Knowledge of Agent Held to Be Knowledge of Company

The courts as a general rule hold that knowledge of its agent is knowledge of the company. In *Julien vs. Star*, the South Carolina supreme court finds that the Star issued a policy covering goods located on certain property. The assured moved the furniture and expected to move it again. There was evidence that he told the local agent of his intention and the agent, it was contended, replied it would be all right and that a rebate would be arranged. The goods were burned after removal to the assured's home in a neighboring town. The court charged that if there was such notice to the agent, it amounted to a waiver of the provisions of the policy. The court holds from the general conduct of the agent, it might be inferred that he consented to the change so the question of waiver was properly submitted to the jury. The judgment was affirmed.

man who has been accustomed to purchase in other fields by methods which break up payments into small amounts payable monthly.

Improvement of relations between agencies and their customers also results from use of the financing plan, the concern believes. A client who owes an insurance agency premium may hesitate to place other business with the same agency while the debt remains unpaid. However if the premium has been financed, the client feels that he is meeting his obligation as he takes care of his monthly payments and does not have the debtor feeling toward the agency. Thus the agency using the finance plan frequently obtains a larger share of the customer's business besides obtaining all the money for the insurance. Department stores discovered this principle and have made excellent use of it in increasing their business.

Installment financing, by no stretch of the imagination, can be classified any longer as an experimental or questionable policy. It is used by all classes of the population for the purchase of items ranging in price from a few dollars to many thousands of dollars. The insurance business is using it.

#### CASUALTY CLERK WANTED

Chicago agency desires services of young man with knowledge of casualty lines who is able to handle details. State age, experience, salary desired. Address **U-9**, The National Underwriter.

Principal owner of well managed Chicago agency which is amply financed and with substantial volume of good fire, casualty and surety business desires to negotiate with interested company or agency for the purpose of joining interests on some basis that will result in a reduction in overhead for both and otherwise be to our mutual advantage.

Also have legal department which is equipped to efficiently handle legal work in all branches, especially insurance matters and claims.

Am only interested in a legitimate proposition that will enable me to enlarge my field of activities. Address **U-11**, The National Underwriter.

Home Office Accountant would like to make connection with company now contemplating the installation of modern accounting and tabulating system. Can design, install and maintain complete system and have had over five years' experience as chief accountant. Address **T98**, The National Underwriter.

## AS SEEN FROM CHICAGO

### NO ADDRESS BY PRESIDENT

For the first time in its history and that of its predecessor, the Western Union, the Western Underwriters Association will not have its regular presidential address at its forthcoming meeting at Manchester, Vt., Sept. 15. President George H. Bell eschews addresses from the chair unless there is a particular reason for a message. This will be the semi-annual meeting and the president holds that the members are interested in reports from committees and discussing vital issues. Mr. Bell will confine his opening remarks to a few informal expressions.

### ROYAL OFFICE TO MOVE

The Chicago branch of the Royal, now in the McKinlock building, will be moved before the first of the year to part of the space occupied by the old western department of the Liverpool & London & Globe in the Insurance Exchange on the 11th floor. Manager, H. W. Boyd of the Chicago Royal office will move his entire force when the quarters are ready.

### CLASS 1 RESIGNATIONS

Resignations of Class 1 memberships in the Chicago Board have been accepted from George L. Martini, George L. Martini Company, A-1761 Insurance Exchange; Holgar de Roode, H. de Roode & Co., A-742 Insurance Exchange, and V. E. Nordquist, W. J. Foster & Co., 1027 Insurance Exchange.

### W. M. MURRAY IN TOLEDO

W. M. Murray of Jens, Murray & Co., Chicago, made a trip to Toledo to look into the affairs of his mother, who was involved in the bank failures of that city.

### BLUE GOOSE RELIEF PLAN

A meeting of the Illinois Blue Goose is to be held Monday to take up a plan, whereby the pond would relieve unemployed members of the burden of premiums on their Blue Goose insurance and on their Blue Goose dues.

### TEACHERS' SCRIP IS PROBLEM

Board of education scrip, which is being accepted by many Chicago teachers, is being offered to agents in payment of premiums. A few business institutions in Chicago are accepting scrip, but it is generally eschewed and few of the agents like its color.

Some agencies, when presented with scrip in belated payment of premiums, are advising teachers to have their policies cancelled and pay the earned premiums in cash. Some agents have been successful in getting their companies to cancel pro rata under these circumstances. Some of the policies are rewritten in the hope that in another 60 days the situation may be relieved and teachers come into possession of real money.

### TRYING TO STIR UP BUSINESS

The engineering department of the Chicago Board finds that at this particular time sprinkler companies are very active in endeavoring to originate business in Cook county. They are employing every means to induce property owners whose buildings are not yet equipped to put in a system. For instance within the last year or so three or four laundries were equipped and that has evidently led to a concentrated effort to get as many laundries as possible to do the same. The laundry men's association and one of the finance companies are active in the campaign. Prices for sprinkler equipment have been reduced to a certain extent. A number of property owners arrange to have their equipment financed and as there are some concerns specializing on this particular activity, there is no difficulty in securing proper facilities. The sprinkler companies use

their own men and then get the insurance agent or broker to have an estimate made as to what the rate will be after the equipment is put in.

### HEADS CHARITY CAMPAIGN

Ernest Palmer, manager of the Chicago Board, has been named general chairman of this year's campaign for the Central Association of Evanston (Ill.) Charities.

### SHY AT FARMERS' GRAIN

Farm underwriters are shying this year at the offering of additional insurance on farms to cover grain because of the uncertainty as to value. In years gone by when grain prices were high, farmers would take additional insurance for a short term period to cover the product. This was very acceptable to the farm companies. With prices of grain low and farmers inclined to take out more insurance than the property is worth, companies fear complications in loss adjustment because of disappointment on part of farmers as to the value of their crops. In writing the regular farm policies a farmer usually has an item covering grain for a small amount but it is not sufficient for the large supply on hand before it is sold.

### DETERIORATION IN BUILDINGS

A farm underwriter in commenting on present conditions stated that there has been a constant accretion of farm hazards so far as insurance is concerned due to lack of repairs on farm property. Buildings have depreciated and they have not been kept up. This is due to the fact that the farmers had had no money to make needed improvements. When a roof, for example, needs replacing with a new one and it is not done, there is a constant fire hazard at hand. Run down buildings are breeding places for fire when fugitive sparks find lodgment. This deterioration of farm buildings creates a real menace from an insurance standpoint.

H. George Prouty, well known local agent at Hinsdale, Ill., died the other day. Mr. Prouty took over the old McClintock agency.

Clem E. Wheeler of Chicago, assistant general agent of the Hartford, was in Denver last week.

W. P. Robertson of Chicago, assistant western manager of the North America and manager of the Alliance of Philadelphia, is at Sioux Falls, S. D., this week.

### Piehl Heads Northwestern National Cleveland Office

The Northwestern National of Milwaukee has appointed R. W. Piehl manager of Cleveland branch, succeeding Emil F. Kraus, who died suddenly Aug. 12 while on vacation at Rice Lake, Ont., with his wife and friends. Mr. Kraus had been with the Northwestern National nearly 23 years, and had served as special agent in Minnesota, North Dakota and South Dakota before taking over the Cleveland branch Dec. 1, 1908.

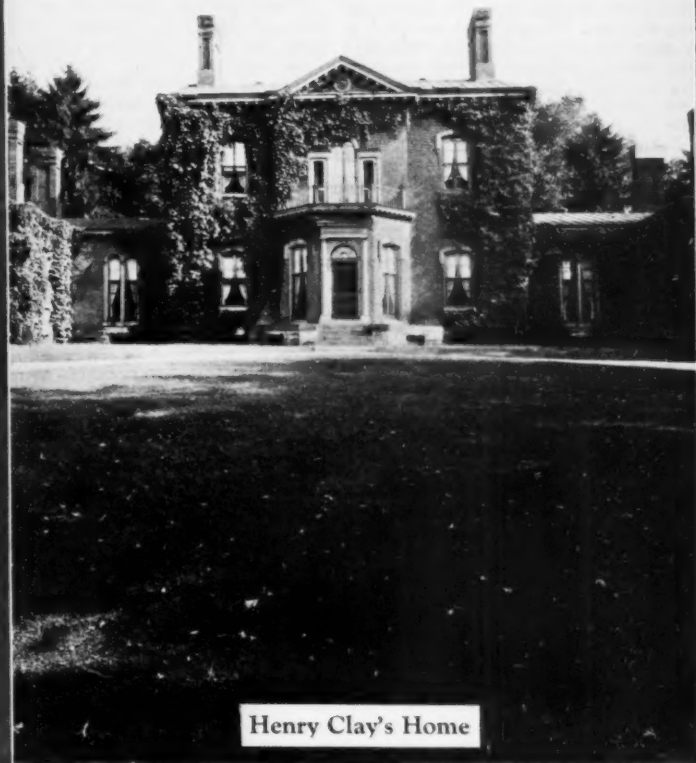
Mr. Piehl has been with the Northwestern National for 14 years and for the past six years has been special agent in North and South Dakota.

### Thomas to Attend Convention

John M. Thomas of Pittsburgh, president of the National Union Fire, hopes to be able to attend the Los Angeles convention of the National Association of Insurance Agents. This will afford Mr. Thomas an opportunity to visit the coast and get in touch with the agency leaders of the country.

## 'Way Down South'

and the Dixie



Henry Clay's Home

## LEXINGTON

Kentucky

LEXINGTON was named by a party of hunters who were encamped here in 1775 when news of the battle of Lexington reached them. Permanent settlement began in 1779, and it was incorporated as a town in 1782. In 1832 it was chartered as a city.

Today it is a cultural centre of Kentucky, and the handsome metropolis of the famous blue-grass section. In addition to enjoying a fertile agricultural area, it serves as a gateway to the rich mining fields. It is the largest loose-leaf tobacco market in the world, and the principal point in America for the raising of thoroughbred horses. There are many fine colleges and schools.

Lexington was the home of Henry Clay from 1797 until his death in 1852. His estate, "Ashland", is one of the many beautiful homesteads located in this section.

## The DIXIE

FIRE INSURANCE COMPANY

Greensboro, N. C.

Organized 1906

Surplus to Policyholders \$1,186,927.14

ONE OF THE AMERICAN GROUP



## Responsible Agent Better Pay, But More Stragglers

In analyzing the collection situation today, some offices find that agencies, which have always been financially responsible, and are not now involved in any extraordinary emergency, such as a bank failure, are paying their balances more promptly than ever, while, on the other hand, the number of agencies more than 90 days in arrears is appreciably higher.

The reason for the speeding up of payment by financially responsible agents is believed to be a fear of bank failures. Heretofore, many agents, fully capable of paying, delayed remitting to companies until the last minute or even stretched the last minute somewhat in order to curry favor with their bankers by maintaining as large an account as possible. Now, however, in localities where there have been bank failures, agents are careful to keep their accounts at a minimum and are meeting their obligations even before they come due. Some agents today are making remittances to companies within 30 days.

### At Opposite Pole

At the opposite pole are those agencies, which have been trusted or which have been caught in bank failures. The number of this type is abnormal. Under normal conditions, the amount of balances more than 90 days outstanding is negligible. Today, that item runs in some offices as high as 10 percent. Special agents are attempting to whittle this amount down by collecting \$5 here or \$10 there. At the end of the year, most of these stragglers will be dropped, but in the meantime special agents are instructed to salvage as much as possible.

One manager gives an interesting comparison of conditions today with those of normal times. Normally, at the first of each month, say Aug. 1, none of the July balances, of course, have been paid, about one-half of the June balances remain unpaid; about one-quarter of the May balances remain un-

paid and perhaps one-twentieth of the April balances remain unpaid.

Under present conditions on Aug. 1, none of the July balances have been paid, but only about one-quarter of the June balances remain unpaid, and one-eighth of the May balances, but one-tenth of the April balances are unpaid.

These proportions are not put forth as being accurate, but as merely illustrating the tendency for balances to flow either more rapidly towards the company or depart in greater degree from the home office exchequer.

Probably 90 percent of the volume of business today is responsible, but the 10 percent is more hopeless than ever before and promises to produce less salvage.

### Bank Failure, Agent's Worry

All companies are prepared to adopt a policy of generosity with the greatest degree of safety in the event of bank failures. Theoretically, the companies take the position that a bank failure is the agent's worry. It is no more the concern of the company where the agent gets the money to pay his balances than where he gets his money to pay his household expense. But that position, of course, is being tempered with humanity.

Companies are willing to extend credit or whatever relief may be temporarily needed for agencies involved in bank failures, but they are zealous to prevent the agents taking advantage of this generosity. The mistake is not made of saying in effect to an agent in a bank emergency: "Oh, well, take your time and pay us when things gets straightened out." The special agent is instructed to urge the agent to get credit from the remaining banks in order to pay the companies. The agent is not permitted to forget his obligations and is importuned to restore his financial relationship with his company to normal as early as possible.

## Fire Companies' Semi-Annual Figures As Filed in Georgia

**First American**—Assets, \$3,935,190; capital, \$1,000,000; surplus, \$1,598,060; reinsurance reserve, \$1,138,438; premium income, \$492,127; losses, \$297,807; total income, \$589,755; total disbursements, \$537,139.

**Franklin**—Assets, \$21,782,813; capital, \$3,000,000; surplus, \$8,772,653; reinsurance reserve, \$6,429,894; premium income, \$3,218,278; losses, \$1,896,158; total income, \$3,858,755; total disbursements, \$3,703,772.

**Public Fire**—Assets, \$6,608,520; capital, \$1,000,000; surplus, \$1,319,257; reinsurance reserve, \$3,460,558; premium income, \$1,710,170; losses, \$460,292; total income, \$2,117,318; total disbursements, \$2,667,652.

**Columbia, N. J.**—Assets, \$3,387,973; capital, \$1,000,000; surplus, \$1,156,206; reinsurance reserve, \$915,150; premium income, \$411,047; losses, \$212,991; total income, \$485,445; total disbursements, \$501,184.

**Atlas Assurance**—Assets, \$6,667,489; surplus, \$2,332,665; income, \$2,014,595; disbursements, \$2,107,684.

**Georgia Home**—Assets, \$2,257,180; capital, \$500,000; surplus, \$717,714; reinsurance reserve, \$593,800; premium income, \$355,319; losses, \$156,553; total income, \$405,403; total disbursements, \$337,558.

**Monarch Fire**—Assets, \$4,068,032; capital, \$1,000,000; surplus, \$1,279,115; premium income, \$975,341; losses, \$396,224; total income, \$1,128,223; total disbursements, \$1,021,990.

**City of New York**—Assets, \$6,941,355; capital, \$1,500,000; surplus, \$1,873,145; premium income, \$1,254,644; losses, \$877,688; total income, \$1,601,986; total disbursements, \$1,735,664.

**Zurich Fire**—Assets, \$3,696,584; capital, \$2,000,000; surplus, \$1,611,134; reinsurance reserve, \$297,580; losses, \$141,376; total income, \$310,833; total disbursements, \$281,547.

**Albany**—Assets, \$2,170,027; capital, \$250,000; surplus, \$1,072,243; reinsurance reserve, \$760,140; premium income,

\$308,618; losses, \$180,401; total income, \$370,494; total disbursements, \$376,535.

**Travelers Fire**—Assets, \$15,072,161; capital, \$2,000,000; surplus, \$1,928,702; reinsurance reserve, \$8,953,356; premium income, \$4,354,513; losses, \$2,007,611; total income, \$4,681,241; total disbursements, \$4,751,679.

**Southern Fire**—Assets, \$3,539,715; capital, \$1,000,000; surplus, \$1,036,412; reinsurance reserve, \$315,936; premium income, \$605,374; losses, \$307,795; total income, \$875,429; total disbursements, \$572,475.

**Reliance, Pa.**—Assets, \$1,824,364; capital, \$1,000,000; surplus, \$420,981; reinsurance reserve, \$340,209; premium income, \$99,178; losses, \$84,321; total income, \$149,647; total disbursements, \$254,511.

**County Fire, Pa.**—Assets, \$2,299,205; capital, \$1,000,000; surplus, \$702,615; reinsurance reserve, \$520,926; premium income, \$203,160; losses, \$120,110; total income, \$265,556; total disbursements, \$221,340.

**La Salle**—Assets, \$2,281,804; capital, \$500,000; surplus, \$770,649; premiums, \$651,558; losses, \$295,091; total income, \$652,739; total disbursements, \$484,398.

**Home, N. Y.**—Assets, \$112,089,988; capital, \$24,000,000; surplus, \$36,398,755; reinsurance reserve, \$38,936,368; premium income, \$20,964,245; losses, \$13,270,347; total income, \$23,929,312; total disbursements, \$25,956,920.

**American Fire & Marine**—Assets, \$2,015,738; capital, \$1,000,000; surplus, \$508,648; reinsurance reserve, \$241,699; premium income, \$128,342; losses, \$186,902; total income, \$186,323; total disbursements, \$254,790.

**Northern, N. Y.**—Assets, \$9,660,037; capital, \$2,000,000; surplus, \$2,969,675; reinsurance reserve, \$3,924,682; premium income, \$1,206,893; losses, \$999,579; total income, \$1,409,668; total disbursements, \$1,424,254.

**Equitable, R. I.**—Assets, \$6,481,818; capital, \$1,000,000; surplus, \$3,567,191; reinsurance reserve, \$1,399,176; premium income, \$608,459; losses, \$348,823; total

income, \$794,131; total disbursements, \$739,358.

**New Brunswick**—Assets, \$4,862,108; capital, \$1,000,000; surplus, \$1,246,078; reinsurance reserve, \$1,542,459; premium income, \$770,581; losses, \$416,407; total income, \$882,869; total disbursements, \$884,059.

**Caledonian**—Assets, \$1,004,089; capital, \$645,000; surplus, \$1,399,432; reinsurance reserve, \$2,348,107; premium income, \$1,047,543; losses, \$749,300; total income, \$1,138,583; total disbursements, \$1,351,342.

**Firemen's, N. J.**—Assets, \$50,575,919; capital, \$18,793,130; surplus, \$18,992,341; reinsurance reserve, \$9,998,100; premium income, \$4,886,596; losses, \$2,668,832; total income, \$6,131,974; total disbursements, \$7,471,367.

**Grand Fire & Marine**—Assets, \$5,832,869; capital, \$1,000,000; surplus, \$1,249,137; reinsurance reserve, \$3,209,580; premium income, \$1,161,181; losses, \$762,524; total income, \$1,289,082; total disbursements, \$1,441,197.

**Halifax Fire**—Assets, \$2,501,582; surplus, \$1,292,324; reinsurance reserve, \$834,116; premium income, \$457,192; losses, \$204,157; total income, \$514,301; total disbursements, \$555,795.

**Homestead Fire**—Assets, \$1,808,770; capital, \$500,000; surplus, \$377,323; reinsurance reserve, \$604,309; premium income, \$306,610; losses, \$136,181; total income, \$345,322; total disbursements, \$370,886.

**Milwaukee Mechanics**—Assets, \$12,617,600,000; surplus, \$715,743; reinsurance reserve, \$3,114,482; premium income, \$1,161,181; losses, \$762,523; total income, \$1,271,359; total disbursements, \$1,425,069.

**Milwaukee Mechanics**—Assets, \$12,617,600,000; surplus, \$715,743; reinsurance reserve, \$3,114,482; premium income, \$1,161,181; losses, \$762,523; total income, \$1,271,359; total disbursements, \$1,425,069.

**National-Ben Franklin**—Assets, \$4,951,237; capital, \$1,000,000; surplus, \$699,234; reinsurance reserve, \$2,880,121; premium income, \$1,161,181; losses, \$762,520; total income, \$1,278,730; total disbursements, \$1,147,714.

**Richmond**—Assets, \$3,064,744; capital, \$1,000,000; surplus, \$810,291; reinsurance reserve, \$1,027,897; premium income, \$438,663; losses, \$276,086; total income, \$521,344; total disbursements, \$584,683.

**General Exchange**—Assets, \$17,235,570; capital, \$1,000,000; surplus, \$7,406,076; reinsurance reserve, \$7,382,129; premium income, \$6,447,731; losses, \$2,626,781; total income, \$6,852,364; total disbursements, \$5,133,401.

**Standard, Conn.**—Assets, \$3,944,241; capital, \$1,000,000; surplus, \$951,335; reinsurance reserve, \$1,734,688; premium income, \$879,186; losses, \$419,663; total income, \$965,206; total disbursements, \$873,757.

**Thames & Mersey**—Assets, \$1,449,090; U. S. deposit, \$200,000; surplus, \$738,902; premium income, \$289,678; losses, \$127,593; total income, \$362,729; total disbursements, \$382,782.

**Victory**—Assets, \$1,686,579; capital, \$1,000,000; surplus, \$565,349; reinsurance reserve, \$260,809; premium income, \$95,444; losses, \$83,823; total income, \$148,556; total disbursements, \$260,414.

**Superior**—Assets, \$4,698,451; capital, \$1,000,000; surplus, \$451,439; reinsurance reserve, \$2,876,352; premium income, \$1,671,181; losses, \$762,523; total income, \$1,272,763; total disbursements, \$1,444,469.

**Fidelity-Phenix**—Assets, \$68,192,486; capital, \$15,000,000; surplus, \$26,675,532; reinsurance reserve, \$21,510,517; premium income, \$9,176,511; losses, \$663,935; total income, \$11,404,727; total disbursements, \$12,138,783.

**Mercury**—Assets, \$4,359,733; capital, \$1,000,000; surplus, \$1,215,528; reinsurance reserve, \$1,823,342; premium income, \$1,090,592; losses, \$605,348; total income, \$1,090,598; total disbursements, \$1,087,263.

**American Merchant Marine**—Assets, \$2,021,904; capital, \$400,000; surplus, \$609,308; reinsurance reserve, \$518,558; premium income, \$271,317; losses, \$176,368; total income, \$374,261; total disbursements, \$454,048.

**Fidelity & Guaranty Fire**—Assets, \$4,723,336; capital, \$1,000,000; surplus, \$1,257,832; reinsurance reserve, \$2,159,299; premium income, \$1,438,395; losses, \$663,936; total income, \$1,572,301; total disbursements, \$1,520,309.

**Philadelphia National**—Assets, \$2,970,780; capital, \$1,000,000; surplus, \$1,406,610; reinsurance reserve, \$464,651; premium income, \$345,897; losses, \$169,706; total income, \$329,180; total disbursements, \$342,325.

**Commonwealth**—Assets, \$7,195,574; capital, \$1,000,000; surplus, \$3,008,900; reinsurance reserve, \$2,822,385; premium income, \$1,222,494; losses, \$690,084; total income, \$1,388,083; total disbursements, \$1,627,228.

**Northwestern Fire & Marine**—Assets, \$3,030,770; capital, \$1,000,000; surplus, \$803,989; reinsurance reserve, \$637,615; premium income, \$298,158; losses, \$161,428; total income, \$433,700; total disbursements, \$379,042.

**Export**—Assets, \$3,522,368; capital, \$1,000,000; surplus, \$1,976,168; reinsurance reserve, \$2,030,931; premium income, \$118,379; losses, \$78,817; total income, \$184,778; total disbursements, \$280,712.

**United States Fire**—Assets, \$30,109,254; capital, \$5,000,000; surplus, \$9,847,340; reinsurance reserve, \$12,759,466; premium income, \$5,483,547; losses, \$3,873,446; total income, \$6,299,155; total disbursements, \$7,243,692.

**Baltimore American**—Assets, \$4,813,913; capital, \$1,000,000; surplus, \$1,255,-

## INSURANCE STOCK QUOTATIONS

By H. W. Cornelius & Co., 105 South La Salle St., Chicago, as of Aug. 24

Stock	Par	Div. per Share	Bid	Asked
A. Lincoln Life	20	1.60	37	...
Aetna Cas. ....	10	1.60	75	80
Aetna Fire ....	10	2.00	41	43
Aetna Life ....	10	1.20	41	43
Agricultural ....	25	4.90	94	100
Amer. Alliance ..	10	1.60	23	25
Amer. Equitable ..	5	1.20	10	12
American, N. J. ..	5	1.00	15	16
Amer. Surety ....	25	6.00	48	50
Automobile ....	10	1.20	25	27
Baltimore Amer. ..	5	.80	9	10
Bankers & Ship. ..	25	3.50	98	105
Boston .....	100	16.00	475	500
Brooklyn .....	5	1.20	7	9
Carolina .....	10	1.50	21	23
Cen. Life, Ill. ....	20	.80	28	32
City of N. Y. ....	100	16.00	220	240
Continental Cas. ..	10	1.60	26	27
Continental ....	10	2.40	36	38
Federal Life. ....	10	1.00	13	16
Fid. Phenix ....	10	2.60	41	43
Fireman's Fund. ..	25	5.00	76	77
Fireman's F. Ind. ..	...	...	25 1/2	29
Firemen's .....	10	2.20	21	23
Franklin .....	5	1.60	21	23
Glens Falls ....	10	1.50	41	44
Globe & Rutgers. 100	24.00	475	500	...
Great Am. Fire. ..	10	1.60	24	26
Great Am. Ind. ....	10	...	15	18
Great Lakes ....	10	1.00	...	10
Halifax Fire. ....	10	1.20	16	17 1/2
Hanover .....	10	1.60	27	28
Harmonia .....	10	1.80	21	23
Hartford Fire. ....	10	2.00	57	59
Hdfr. St. Boiler. ..	10	1.60	60	62
Home F. & M. ....	10	2.00	29 1/2	31 1/2
Home, N. Y. ....	10	2.00	30	32
Homestead .....	10	1.30	15	17
Ins. Co. of N. A. ..	25	2.50	50	52
Lin. Natl. Life. ....	10	2.50	36	41
Missouri St. Life ..	10	1.20	14	16
National Cas. ....	10	1.20	15	17
National Fire ....	10	2.00	54	56
National Liberty ..	5	.50	7	8
National Surety. ....	10	2.00	30	32
National Union. ....	100	...	85	95
New Brunswick. ....	10	1.80	22	24
New Hampshire. ....	10	1.70	48	52
No. Amer. Life. ....	5	1.00	...	18
Northern, N. Y. ....	25	4.00	68	75
North River ....	10	2.00	32	34
N. W. National. ....	25	5.00	92	100
N. W. Natl. L. ....	...	5.00	11	13
Occidental .....	10	...	16	17
Ohio Natl. Life. ....	10	...	28	32
Old Line Life. ....	10	1.50	23	25
Pacific Mut. Life ..	10	2.40	50	52
Peoples National ..	5	.50	5	6
Phoenix, Conn. ....	10	2.00	61	63
Prov. Wash. ....	10	2.20	43	45
Rossia .....	10	2.20	18	20
Springfield .....	25	4.50	96	104
St. Paul F. & M. ....	25	6.00	155	160
Sun Life .....	100	25.00	1175	1225
Travelers .....	100	22.00	725	750
U. S. Casualty. ....	25	4.00	38	42
U. S. Fire. ....	10	2.40	40	43
U. S. Mer. & Sh. ....	100	16.00	260	280
Westchester ....	10	2.50	36	38

\*Extra dividend paid.

397; reinsurance reserve, \$2,307,080; premium income, \$1,054,316; losses, \$631,177; total income, \$1,350,657; total disbursements, \$1,212,097.

### Cravens, Dargan Sell Company

Cravens, Dargan & Co., general agents at Houston, are arranging to sell their life company, the American Provident Life, to the National Standard Life of Houston. A meeting of stockholders of the American Provident will be held Saturday to vote on the proposition. They continue as state managers of the Northwestern National Life of Minneapolis.

### Much Competition Seen

Owing to the dearth of new business, there is more competition than ever for sprinklered risks. The stock company syndicates, the individual companies through their improved risk departments and the mutuals are striving very hard to secure business. The hot competition is between the mutuals and stock companies. If the mutuals can wrench a risk away from the stock companies, it is so much new business and if the stock companies can reclaim a risk from the mutuals it is so much to add to their premium returns.

W. K. McSweeney, well known local agent at Ionia, Mich., died Friday morning in the Blodgett hospital at Grand Rapids. He went to the hospital Tuesday because of an infected tooth.

## Strength Found In Organization

(CONTINUED FROM PAGE 5)

lief that there is no ethics in the insurance business and that the National association is now formulating a code of ethics. Mr. Pratt said it is the association's belief that it is better to have one qualified, ethical agent in a town than to have a group of inexperienced and unethical men operating. He also mentioned that the National association is working on a model qualification law for agents to be submitted to all state legislatures. The "reciprocity in business" plan has also been endorsed by ethical agents, Mr. Pratt said. It is reasonable, he stated, that each man should "do as he would be done by."

Mr. Pratt closed with a plea for the agents of Montana to join the National Association of Insurance Agents by reason of the accomplishments of the organization in solving local agency problems.

### Midkiff Re-elected President

A registered attendance of nearly 75 agents, field men and realtors participated in the Montana meeting at Great Falls, Mont. T. W. Midkiff, Great Falls, was re-elected president; John S. Wulf, Butte, first vice-president; Bert G. Brockway, Billings, real estate vice-president; F. G. Ellis, Kalispell, insurance vice-president and treasurer, and C. K. Moore, Great Falls, re-elected secretary. Next year's meeting will be at Kalispell.

The opening day was given over entirely to the insurance division. President Midkiff referred to the growth of the business in Montana since 1888, when there was but one company doing business in Montana, while last year there were 330 companies with 8,952 agents licensed in the state, and the revenue from licenses and fees amounted to \$378,969.

A telegram of greetings from Percy H. Goodwin of San Diego, Cal., president of the National Association of Insurance Agents, was read, as well as one from the Louisiana Association of Insurance Agents.

### Wulf Hits Chain Stores

Mr. Wulf condemned the practice of chain stores obtaining insurance in states outside of those in which they operate. He referred to the fact that the Electric Bond & Share Company, one of the largest public utilities in the world, places its insurance with local agents, and that the Montana Power Company, its subsidiary, does the same.

C. M. McCoy, deputy insurance commissioner, presented the regrets of Commissioner George P. Porter and W. G. Brooks, state fire marshal, who were unable to attend. Mr. McCoy spoke on the relations between the department and the agents and stated he was in favor of a qualification law as planned by the National association.

### Will Draft Qualification Law

A number of special agents were called on, and following discussions a motion was passed that the president appoint a committee to draft an agency qualification bill and report at the next meeting of the Montana association, which will be before the 1933 session of the Montana legislature. The committee was also instructed to work with the National association.

The Montana association in its resolutions pledged itself for lower taxes and elimination of extravagance in public affairs, and also opposed public ownership of utilities and allotment of insurance to firms without Montana agencies.

Mr. Midkiff was toastmaster at the banquet. W. H. Hoover, president of the Great Falls chamber of commerce, and Scott Leavitt, Montana Congressman, were the principal speakers.

Although Commissioner Porter was unable, because of the death of a friend, to attend the meeting, he prepared a letter which was read at the convention. "I am for an agency qualification law,"

Mr. Porter declared. "I want a law placed upon the statute books that from the start is right, not one that has to be amended from session to session."

The commissioner said it is not in the interest of the local agent to have special agents licensed. If special agents were licensed, they would come in direct competition with the local agents, he said. However, he declared that if special agents solicit business, sign policies and receive commissions they should be licensed.

## Finishing Touch on the Program

(CONTINUED FROM PAGE 5)

Portland and an excursion on the Willamette and Columbia rivers on the afternoon of the opening day; a banquet given by the Oregon insurance fraternity Tuesday evening, and an optional all-day motor trip over the Mt. Hood Loop and the Columbia River Highway, culminating with an elaborate dinner at the Columbia Gorge hotel, or an all-day tour of the principal Oregon seaside resorts with luncheon enroute. This later trip will cover a loop of over 260 miles. All motor trips will be provided with special state and city police escorts.

Special luncheons have been arranged and many of the commissioners have been extended invitations to address commercial and civic organizations during their stay in Portland. The general committee on arrangements and entertainment, of which W. C. Schuppel, executive vice-president of the Oregon Mutual Life, is chairman, is holding weekly meetings for the working out of essential details. A committee of prominent women of the state and city will provide special entertainment for the ladies.

### Will Visit Crater Lake

On the southern trip opportunity will be given to view many of the natural grandeurs of Oregon most prominent of which is Crater Lake, located in south central Oregon in the heart of the Cascade mountains. This lake, six miles in width and of varying hues from light green along the shores to the deepest indigo at the greatest depth, and 1,000 feet below the crater rim, itself from 7,000 to 8,000 feet above the sea, is one of the deepest fresh water lakes on earth and is a geological phenomenon, recognized as one of the wonders of the world.

## Loss Ratio Soars in the Southeast

(CONTINUED FROM PAGE 3)

tory, with the possible exception of Florida.

As to the third and fourth class communities, one very prominent underwriter stated that there were few risks left in these that hadn't burned up in the very early stages of the present depression. In fact the losses have been so great in the protected territory that little attention is being given to classes as the big losses there have long since been disposed of by the companies.

Commercial and industrial losses set the pace in the early stages of the present depression. This applied to both protected and unprotected territory. During the early part of last year these were exceedingly heavy. But as fire destroyed many of the larger stocks and the depression forced further depletion the losses in this field have been reduced at the present to an almost normal condition, although the premium income has also been greatly reduced. Mercantile stocks and factory products on hand are the lowest in many years and naturally the fire insurance on these lines is now at a minimum.

Like the losses in the smaller and unprotected towns and communities the farm losses, while still numerous in number, have been greatly reduced dur-

ing the first six months of this year. There are two reasons for this: The first is that the losses in 1930 reached unheard of heights and the number of risks were thereby reduced. Another reason is that the companies have ceased their activities in securing this line. Farm business is written only at the insistence of the owner and not by solicitation. Wherever a farm risk is accepted by a local agent, it is seldom retained by one company. Companies have as far as possible abandoned the farm business in the southeastern states.

### Total Losses Lower

Although the loss ratio is as high in 1931 as in 1930, the total losses paid will be greatly lower as the premium income is far below normal and will likely continue so during the present year. With the recent decline in cotton prices indications are that merchandise stocks will continue to be small, with naturally a small insurance coverage.

Underwriters have been surprised to find that many lines that normally give concern about high losses are at the present time maintaining a loss ratio below that existing during normal times. These lines include warehouses and smaller manufacturing concerns.

## Liability for Basement Loss In an Adjoining Building

Insurer liable for goods stored in basement of adjoining building. The Minnesota supreme court in Elliott vs. Retail Hardware Mutual construes a policy where location was a point of issue. The policy covered merchandise at a certain street number. The policy contained a further provision permitting the construction of additions and sheds attached to and communicating with the building, and provided that the insurance covered merchandise in such additions. The question is whether the insurance covered merchandise in a basement room under an adjoining building, which for 20 years had been leased by the assured, had been by him connected with the basement under his own building by two archways, had been fitted up the same as the basement under his own building and had been used by him all that time the same as the other basement room, as a sales and stock room. The court holds that the policies covered stock in the communicating basement. It is quite clear that the intention was to insure the entire stock, whether contained strictly in the building at 312 Hennepin avenue or in additions connected.

# MODERN

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Sales influence predominates in the Kansas City Fire & Marine because its executives are production men and are trained in business building. Through its affiliation with R. B. Jones & Sons this company is equipped to help its agents directly in its relations with the public. You will find a connection with this Kansas City company very worthwhile.

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# Kansas City Fire and Marine Insurance Company

Chicago, Ill.  
Insurance Exchange

Kansas City, Mo.  
Federal Reserve Bank Bldg.



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In Combination with Life Insurance Edition, \$5.50 a year; Canada \$7.50



### Preparing for the Future

A MAN can provide for a situation, tragic though it may be, if he knows something about what may happen and when it will occur. It is the unseen, the unpredicted, the sudden happenings that are bewildering and confusing. Insurance men are now becoming convinced that they need to settle down for a rather long pull of harder work. They do not believe that "prosperity is just around the corner." There may be some improvement during the next year but it will not be material. We must adapt ourselves to the new order. That will not be so difficult because we know what is before us.

If we get out of our minds that there is going to be a big upturn and sudden recurrence of prosperity, we then can get down to business, prepare for conditions as they exist and meet the

future with courage. We certainly are not ready to give up when the fighting is exhilarating and the chance of victory is so great. There are insurance men who have shifted their gears and find that their income is being sustained by taking advantage of new opportunities. Then again we all need to work harder. We have plenty of reserve power. We do not draw upon our latent resources very often. We would be much stronger spiritually, mentally and physically if we did. When we get our second wind nothing can stop up.

Insurance like other activities has been affected by the economic storm. It had enjoyed too big a boom. It had grown too fast, it had gotten out of tune with some of its vital relationships. We are simply today paying the penalty of our folly.

### Insurance Selling Is Different

INSURANCE selling is different from almost any other kind because insurance men are endeavoring to interest people in buying something that only materializes or assists in time of trouble. There are very few occupations that are devoted entirely to people when they are in distress. Physicians might be classi-

fied as such. The great bulk of commodities and service sold to the people have to do with their sunshiny days. They are largely to give physical, intellectual or spiritual satisfaction. Insurance merely is sold to give peace of mind. So long as there is no loss there is no demand for insurance.

### Choice Field for Solicitation

IT IS surprising to find how many tenants of so-called fireproof office buildings carry no insurance. If a canvass were made of occupants of such buildings it would be discovered that the great number

are uninsured. In cities there can be no more fruitful method of solicitation than to make a cold canvass of such buildings. There are many illustrations of loss to occupants in structures of this character.

### Great Adventure in Work

THE greatest satisfaction in business comes from achieving something that is worth while and constructive. One has a thrill when he realizes that he is not only making steady progress but that he is ac-

complishing something. There is happiness in seeing one's plans materialize. One does not need to be merely a dull routine or a treadmill worker. There is a great adventure in every day's work.

## PERSONAL SIDE OF BUSINESS

F. W. Edler, Wisconsin state agent for the New York Underwriters, and A. L. Telin, state agent for the Northern of New York, and their families have returned to Milwaukee from a 2,200-mile trip. They made a ten-day cruise on the Great Lakes, stopping off at Mackinac Island, Detroit, Cleveland and Buffalo, where they spent three days and made an airplane flight over Niagara Falls.

C. L. Dexter, well known local agent of Dallas, Tex., has left for Chicago where he will play in the national amateur golf tournament starting Aug. 30. Mr. Dexter is one of the best golfers in the south and has been Texas state champion several times. He is a member of the Chas. L. Dexter & Son agency of Dallas, established in 1876.

A. G. Meredith of Oshkosh, Wis., state agent of the Fire Association, was injured last week in an automobile accident as he was en route from Oshkosh to Milwaukee. He was passing a bus and hit the gravel alongside the road, resulting in his machine turning over in a ditch.

Edward D. Gavney of the Reasoner-Gavney Agency, Battle Creek, Mich., was a member of the reception committee at the formal opening of the Old Merchants National Bank & Trust Co. new building in his city. This new bank tower is the tallest building in Battle Creek. The banking department is on the mezzanine floor and in addition to the elevators the bank is equipped with escalators.

Arnold Hodgkinson, secretary of the Pacific Coast branch of the National Automobile Underwriters Association, is on his way to New York to attend a meeting of the organization there in September. Mr. and Mrs. Hodgkinson went from San Francisco to Seattle by steamer, thence to Yellowstone National Park for several days. Returning they will spend a few days at the Grand Canyon.

Following a visit to the home office at Dallas, V. C. Dargan, Pacific Coast manager of the Gulf of Texas, has returned to his headquarters in Los Angeles. He was accompanied by G. W. Jalonick, Jr., president of the Gulf, who will spend his vacation in southern California.

A. D. Dulaney, Arkansas commissioner, has announced his intention to become a candidate for Congress in the Fourth Arkansas district. Mr. Dulaney has served as circuit judge, assistant attorney general and deputy commissioner and was appointed commissioner when W. E. Floyd was removed following the investigation of the failure of the Home companies at Little Rock.

The mother of J. R. Wilbur, former vice-president of the America Fore Companies, is critically ill in Evanston, Ill., where she resides with Mr. Wilbur. She has been feeble for some time.

R. S. Stoddart, assistant secretary of the New York Underwriters, is bereaved by the death of his wife at North Hadley, Que., where members of the family have been spending the summer.

Blake McDowell, vice-president and director of the Ohio Farmers and Ohio Farmers Indemnity, died at his home in Medina, O., Aug. 20, from a heart attack. He was 63 years of age.

Mr. McDowell was a local agent at Medina for 15 years. He also had progressed through the various posts in the Old Phoenix National Bank, of which he was president at the time of his death. A leader in his community, he was county chairman of the five Liberty

Loan drives during the war, a member of the Lorain Relief Commission when a tornado brought disaster to that city in 1924, and served two terms as head of the Medina Community Chest organization.

A brother, Corwin McDowell, president of the Eastern Casualty, collapsed and died at Worcester, Mass., a few years ago as he was addressing a meeting of Ohio Farmers agents there.

C. J. Richman, Indiana state agent American of Newark, was largely responsible for the successful management of a large family reunion Sunday at Noblesville, Ind. Between 500 and 600 members of the Waltz family, to which Mrs. Richman belongs, gathered from all parts of the country to celebrate the 200th anniversary of the arrival in America of the founder of the family, who left Switzerland because of religious persecution.

L. W. Schonebeck, secretary of the Jefferson Mutual Fire, St. Louis, held a double celebration last week, the 50th anniversary of his entering the company's service and his 66th birthday. He started as an office boy at the age of 16.

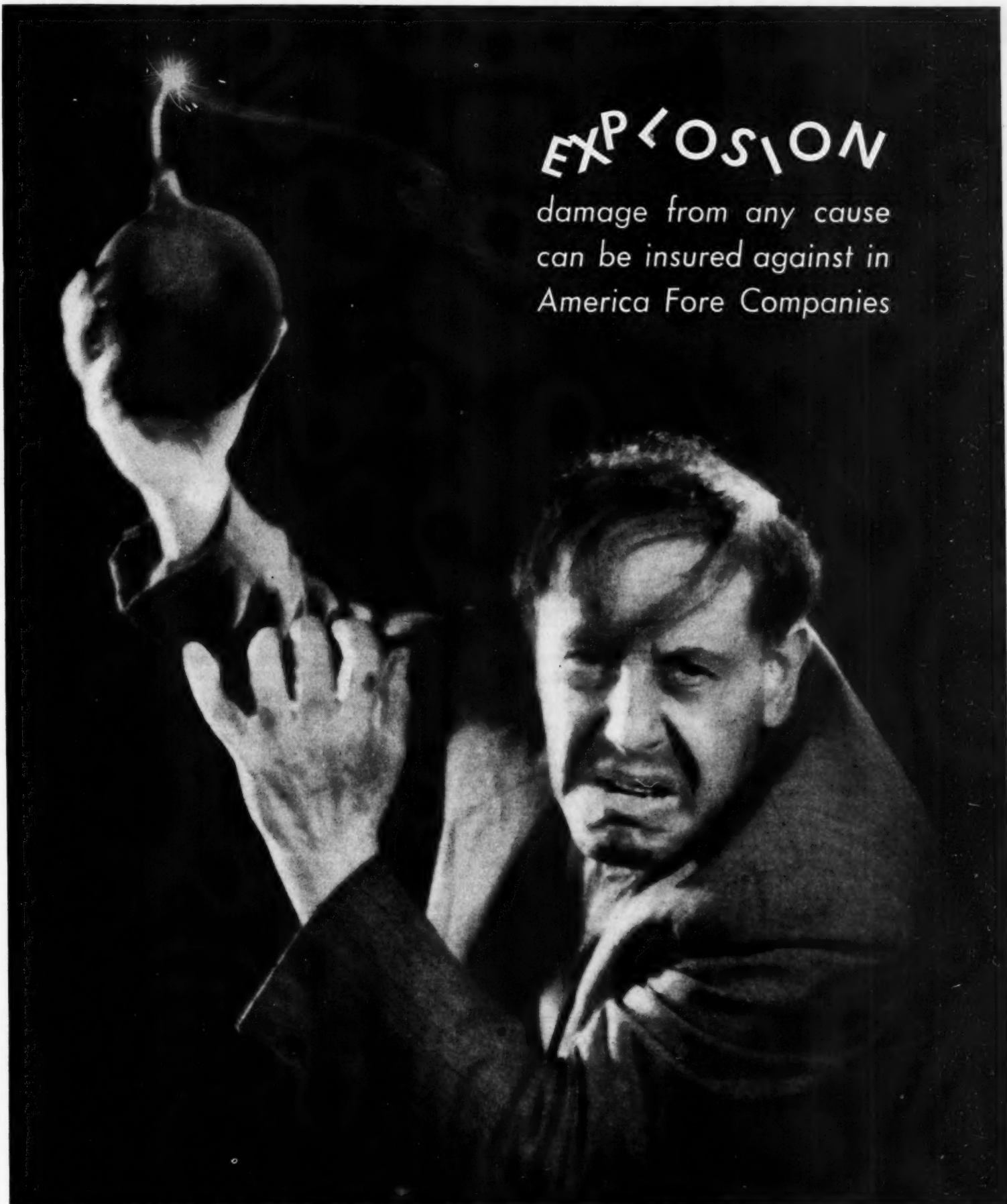
In 1881, when Mr. Schonebeck joined the Jefferson Mutual, St. Louis, was the home office city of 25 fire mutuals. Today but two remain—the Jefferson Mutual, founded in 1861, and the Washington Mutual, which started about 1857 or 1858.

W. H. Gartside, second assistant manager in the western department of the Fireman's Fund, who takes over the entire loss work of the branch, has had an all-round insurance education and is thoroughly equipped to assume the important duties that he is now undertaking. Mr. Gartside is an underwriter and for the last few years has had charge of the improved risk department. The loss department has assumed large proportions and Western Manager Buck desired to have a man at the head who is well trained. Mr. Gartside was educated in the old western department of the Connecticut Fire, becoming in time one of the chief examiners. His title remains the same.

Walter H. Bennett, secretary of the National Association of Insurance Agents, after giving his address before the Iowa Association of Insurance Agents, at its convention in Sioux City, Sept. 4-5, will journey through Yellowstone Park, accompanied by Mrs. Bennett, and will join the insurance commissioners' party as it comes out of the park at Gardiner. From there he will go to Portland to be present at the commissioners' convention. While in Portland he will address the Portland Insurance Exchange. Mr. Bennett will leave the commissioners' meeting Tuesday of that week to go to Los Angeles to meet the executive committee and officers of the National association in anticipation of the big convention the week after.

A greatly exaggerated account of the death of F. C. Huber, chief clerk in the home office of the La Salle Fire of New Orleans, appeared in the Aug. 13 issue. Mr. Huber writes that "it feels good to be living although reported dead." The F. C. Huber who did die was an uncle and godfather of Mr. Huber of the La Salle Fire but was not in the insurance business. If it had not been for Mark Twain's famous saying when he was erroneously reported dead, editors would have a bitter time when mistakes of this kind are made. With his humor, Mark Twain took the sting out of these mistakes, but THE NATIONAL UNDERWRITER nevertheless deeply regrets thus contributing to the scrap book of the extant Mr. Huber.





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# FIRE INSURANCE NEWS BY STATES

## OHIO AND WEST VIRGINIA

### Henry Is Still on the Job

**Veteran Local Agent of Ashtabula Rounds Out 90 Years But Still Is Busy**

Albert Henry, well known local agent at Ashtabula, O., has just passed his 90th birthday, but is in his office every day. He started as a local agent in 1884 and is probably the oldest insurance man in Ohio. He is one of Ashtabula's few survivors of the Civil War veterans. Mr. Henry heard President Lincoln address the Union troops in Washington. He walks a mile between his office and home twice a day. He served during the war, achieved great distinction at the battle of Gettysburg and retired with the title of captain.

### Field Clubs Meet Sept. 1

The two Ohio field clubs will hold their first fall meetings Sept. 1 in Columbus. For a number of years the September meeting has been held in Cincinnati.

### Must Report Suspicious Fires

CLEVELAND, Aug. 26.—Fire Chief Granger has inaugurated a new system for reporting suspicious fires direct to him. Fire fighters attending such fires will have to make a written report detailing the circumstances, which will be delivered to him at once. Hitherto, such fires were merely marked incendiary. With written records on all suspicious cases in file, it will be much easier to follow up the investigation. At the same time it will be a definite aid to insurance companies in their legal fights against incendiary cases.

### Fall Back on Carriers

Insurance companies will be asked by building construction men at Columbus, O., to supply funds for building homes there. Representative of building and loan companies assured the builders they would not be offended by such action, as the building and loan organizations themselves are not in position to provide funds. All receipts of building and loan companies are now being used to pay depositors, whose demands come first.

### West Virginia Fire Loss

State Fire Marshal Stahlmann reports the West Virginia fire loss for the first

six months of 1931 at \$3,239,050, an increase of \$384,770 or 13 percent above that for the same period last year. The department investigated 145 suspicious fires, obtained seven convictions and 38 indictments for arson.

### Ohio Field Man Not Yet Named

The Stuyvesant of New York group has not yet appointed an Ohio field man to succeed John Beddingfield, who resigned to go with the Sussex Fire in Ohio. Vice-President W. F. Watson at the home office expects to make an appointment as soon as he looks over some promising material.

### ARRANGEMENTS COMPLETE FOR ANNUAL FIRE SCHOOL

Arrangements are being completed for the second annual Ohio fire school, which will be held at Ohio State University, Columbus, Sept. 21-24. The school has endorsement of the university, state fire marshal, Ohio Fire Chiefs' Association and Ohio Inspection Bureau. Instruction will cover a wide range and will be both theoretical and practical. There will be visual demonstrations of actual conditions encountered by firemen and talks will be illustrated. Certificates bearing the university seal will be given those who complete the course. Harvey Walker is chairman of the committee on arrangements.

### Cleveland Board Attorney Dies

F. S. McGowan, attorney for the Insurance Board of Cleveland for 20 years, died last week at the age of 62. Mr. McGowan was a member of the law firm of McGowan, Foote, Bushnell & Burgess. He had been ill for several weeks.

### Ohio Notes

The **Stitch Insurance Agency** of Cleveland has been appointed agent for the Wheeling Fire.

The **Kissel Insurance Agency**, Springfield, O., has been incorporated by H. S. Kissel and others.

The **Moundsville Real Estate & Insurance Company**, Moundsville, W. Va., has been incorporated with \$50,000 capital chiefly to take care of the building of the City & County Bank, the business of which was merged with that of another bank. Stockholders of the old bank are stockholders in the new corporation.

## CENTRAL WESTERN STATES

### Campaign to Purge Agencies

**Lansing Agents' Association Behind Move to Sever Relations with Mutuals and Rate-Cutters**

LANSING, MICH., Aug. 26.—Vigorous effort to force members of the Lansing Association of Insurance Agents either to sever connections with mutual or rate-cutting carriers or resign their memberships will be launched by the local board. The association held its first fall meeting after the summer recess and a number of evils that have cropped out were discussed.

President Everts Rouse took the uncompromising position that members must clear their agencies and represent stock companies exclusively if the asso-

ciation is to be of any value. If members are allowed to represent any type of carrier, the board becomes merely a luncheon club and not an organization designed to improve business conditions for the group, he said.

One fairly large agency, it is known, is actively soliciting business for a big Michigan mutual. Such practices, the majority of members appeared to feel, cannot be tolerated and a general purging of the membership must be undertaken unless the offending members correct the situation voluntarily.

### Stock Agency Mentioned

It was also brought out during the discussion that some stock agency, probably an association member, entered into an agreement recently whereby an auto mutual's representative will be allowed to turn over fire, theft, and col-

lision business to the agency for placing in a stock fire company while the mutual retains the casualty lines.

The fire companies have been writing the fire, theft, and full coverage collision business at rates so low they cannot be met by the so-called "at costers," and there is reported to have been considerable splitting of business by the representatives of the Michigan carriers which are desperately trying to hold their position in the auto field.

It is said to be the first instance in which this practice has appeared in Lansing, however, and a thoroughgoing investigation is planned by the local board to discover the offending agency and, if a board member, to penalize it.

### Lansing Agents Step Aside for Flint as Hosts in 1932

LANSING, MICH., Aug. 26.—Lansing will give way to Flint in the matter of obtaining the 1932 convention of the Michigan Association of Insurance Agents, it was agreed today by the local association at its first fall meeting. Lansing has had a state convention since Flint and, in addition, entertained the mid-year meeting of the association last winter. Flint agents are eager to be the hosts in 1932. Decision on the meeting place will be made at the Grand Rapids convention Sept. 9-10.

### Michigan Department Has Decreased Revenue in 1930

LANSING, MICH., Aug. 26.—The Michigan department's revenues from taxes and fees slipped off in line with the decrease in business which has marked the depression, the report for the fiscal year ended June 30 shows. Total receipts were \$3,985,901, a decrease of \$230,049 in spite of an increase of \$101,588 in life insurance taxes.

The exorbitant amount collected from companies and their representatives, eventually paid for by policyholders, as compared with the actual cost of administering the department is vividly shown, however, by contrasting the nearly \$4,000,000 collected with the \$107,000 annual appropriation allowed for the department or about 2.6 percent.

The fire premium tax showed the biggest reduction, falling off \$179,946 to \$805,555. Casualty companies paid \$510,956 taxes, a decrease of \$63,181. The reciprocal tax of \$4,054 represented a decrease of \$36,733. Agents' fees increased \$11,634 to a total of \$142,831.

### Make Gains in Membership

LANSING, MICH., Aug. 26.—About a dozen new members have already been obtained for the Michigan Association of Insurance Agents since a membership drive was launched by a few leading spirits a little over a week ago. It is hoped to reach the full quota of 45 added members by Sept. 1. Seven of the new members are credited to John P. Old, Sault Ste. Marie, the dean of association workers in the upper peninsula.

### Sells to Western Adjustment

John C. Myers, who has operated as independent adjuster at Detroit for many years with branch offices at Pontiac, Mich., Marshall, Mich., and Windsor, Ont., under the name of General Adjusting Company, has assigned his adjusting business and good will to the Detroit branch of the Western Adjustment. Mr. Myers, who is well and favorably known for his ability in loss matters, is also an able attorney and a

### New Man on Ohio Agents Executive Committee



HUGH L. MEEK

Hugh Law Meek of the Archer-Meek-Harmon & Drugan agency at Columbus, O., who was elected a member of the executive committee of the Ohio Association of Insurance Agents, was born Aug. 21, 1881, at Loveland, O. His grandfather, the late John H. Law, was a member of the firm of Law Brothers, western managers of the Royal. Mr. Meek worked in that office. He went with the Hartford Fire in its western department in 1902 and became an examiner. Later he was transferred to West Virginia as special agent. In 1910 he was sent to Ohio with headquarters in Columbus and was given all counties in Ohio except Cuyahoga and Hamilton in addition to West Virginia. He was on the executive committee of the West Virginia Fire Underwriters Association and was also vice-president of the Ohio Fire Underwriters Field Club. On May 1, 1919, he resigned his field position with the Hartford and became associated with J. J. Archer, Jr., in the local agency business at Columbus under the firm name of Archer & Meek. On May 1, 1929, they took in their engineer, H. E. Drugan as a member of the firm and then consolidated their agency with A. H. Harmon, taking the present firm name. They represent eight fire companies and are general agents of the Hartford Accident & Indemnity. They also have the Union Central Life.

member of the Michigan Bar Association. He goes to the Camden Fire as general adjuster and will be located at the head office.

### Severs Mutual Connection

G. J. Lieber, Michigan resident manager Fidelity & Casualty, announces severance of agency relations between the F. & C. and the Mill Mutuals Agency of Grand Rapids, effective Sept. 1. Mr. Lieber is strongly of the opinion that stock companies should confine their representation to 100 percent stock agencies. G. A. Minsky is general

### PATENTS

Sell your patent or invention by exhibiting your model or drawing at the 2nd and Greater INTERNATIONAL PATENT EXPOSITION, CHICAGO. Thousands of manufacturers and patent buyers will inspect new devices and patents for marketing. Very low rates. If you have no model, drawing and description will do. Send for free pamphlet. B. Hamilton Edison, Managing Director, International Patent Exposition, Merchandise Mart, CHICAGO.



## LOYALTY GROUP

### TRUE OPTIMISM

**True Optimism is Faith; Faith in Humanity; Faith in the Nation; Faith in its Institutions; Faith in Yourself; Faith in the Present; and Faith in the Future.**

False Optimism is Hope based on Desire.

Pessimism is compounded of lack of Faith in all that True Optimism is founded upon, and is acknowledgment of unbelief in self, too often coupled with the wish to profit through the misfortunes of others.

History, that Just Judge of Humanity, reads the record and inexorably records the verdict.

The Verdict is, always has been, and always will be that True Optimism is justified and its results proven; that False Optimism cannot last because of its unsound foundation; and that Pessimism cannot prevail, but must ever fail because of its inherent untruth and viciousness.

History records that the world progressed, and was in every way better and more prosperous in the year 100 than in the year 1 A. D. History records that the world progressed, and was in every way better and more prosperous in the year 1000 than in the year 100 A. D. History records that the world progressed, and was in every way better and more prosperous in the year 1900 than in the year 1000 A. D. and History will continue to record the progress of the world, and this record will show the year 2000 in every way better and more prosperous than the year 1900 A. D. It is reasonable to believe, and it is wise to believe, and most people do believe that the year 1931 will be in every way better and more prosperous than the year 1930. Voice, therefore, your belief by word and act and aid it to come true in fullest measure.

Almost two thousand years ago a wise teacher and leader of men said:

**"Now Faith is the substance of things hoped for, the evidence of things not seen".**

Today Faith is as then. Today, as then, True Optimism is Faith. Thinking men must be and are True Optimists. That individuals have suffered misfortunes in the past and many have succumbed, and that individuals will suffer misfortunes in the future and more will succumb, cannot be denied, but such misfortunes, however hard for the individuals, are after all individual misfortunes and will not, in fact cannot stay the world march of progress and prosperity.

Do not be ashamed of your True Optimism, and do not be afraid to express it because you fear some pessimist may ridicule it and tell you that some day he will say "I told you so". Have courage and make known your True Optimism by voice and deed; make known your Faith in Humanity; make known your Faith in your Nation; make known your Faith in the Future; make known your Faith in Yourself; and make known your Faith that the tide has turned and that Prosperity has its hand stretched to knock at the door, and will surely enter if we but heed it, instead of harkening to cowardly fear.

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**LOYAL TO PRINCIPLE—TO LOYAL AGENTS, LOYAL**

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**W**HEREVER the American Motorists policyholder may go, throughout the United States or Canada, he is never beyond reach of the service of his company. Branch offices in 42 principal cities and hundreds of representatives in strategically located towns from coast to coast are in constant readiness to render prompt and efficient service to any assured needing their aid.

The American Motorists has cash assets of over \$3,400,000, surplus to policyholders of over \$1,000,000 and a list of securities owned, of which the most conservative bank might well be proud.

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manager of the Mill Mutuals Agency, which is one of the largest mutual agencies in the country.

### Building Title Changed

The title of the home office building of the Indiana Lumbermen's Mutual has been changed from the Lumber Insurance building to the Mutual Insurance building. "As long as our business was confined to lumber risks the former name was quite appropriate," the company declared in its announcement, "but since we have taken on other lines a change in name seems desirable." The building is located at 518 North Delaware street, Indianapolis.

### New Detroit Agency Incorporations

LANSING, MICH., Aug. 26.—Four new Detroit corporations have insurance agency powers. They are the M. M. Goebel Company, Columbia Realty Company, McGiverin-Larned Company and Selected Managements Foundation.

### Ridenour Undergoes Operation

State Agent Harry L. Ridenour of the American in Michigan is at Butterworth hospital in Grand Rapids, Mich., where he underwent a major operation. His condition has so far improved that he

expects to be able to be taken to his home next week.

### Fuelbier Opens Life Department

The Fuelbier Insurance Agency at Quincy, Ill., has opened a life department as general agent for Adams county of the Abraham Lincoln Life. W. F. Winkelmann, who has been in the life insurance business in Jefferson City and in various Illinois cities, will manage the life department.

### Central States Notes

The Quincy Board will hold its annual picnic and golf tournament Sept. 17 at the Quincy Country Club. Valuable prizes will be offered, and a chicken dinner will be served. All Illinois field men are being invited.

A new agency has been opened by Herbert Males and his son, John, under the name of the **Males Insurance Agency** at Evansville, Ind. Mr. Males formerly was mayor of Evansville.

The explosion and fire which razed two houses and badly damaged a third on Lakepoint avenue, Detroit, was the work of arsonists, according to Serg. G. W. Smith, head of the police arson squad, following discovery of oil-soaked rags and gasoline-saturated rug in the debris.

Following are the most recent entries in the **Inter-chamber fire waste contest** conducted by the National Fire Waste Council, under the auspices of the Insurance department of the Chamber of Commerce of the United States: Presqua Isle, Me.; Murfreesboro, Tenn.

## STATES OF THE NORTHWEST

### Hail Department in Danger

**Commissioner Olsness of North Dakota Sees Ultimate Ruin Unless "Absolute Tax" Is Legalized**

BISMARCK, N. D., Aug. 26.—Unless collection of hail insurance premiums is given the status of an absolute tax the state hail insurance department "must face ultimate ruin," Commissioner S. A. Olsness of North Dakota said in transmitting the annual report of the department to Governor Shafer.

The governor's attention was called to recommendations in the commissioner's report last year, urging the legislature to make listing of insurance optional instead of compulsory and giving the premium the status of an absolute tax.

The tax amendment was defeated. Mr. Olsness states that as the law now stands it promotes fraud and invites unscrupulous mortgagees to take hail insurance without paying for it, thereby increasing the cost to honest farmers.

M. S. Hagen, manager of the hail department, in submitting his 1930 report, states that the insured acreage for the year increased over the previous year while number of losses reported decreased.

Indemnity tax rates for the year ranged from 27 cents an acre to 43 cents for \$7 an acre protection, Mr. Hagen reported. The hail fund has reached its legal limit, the report states, but the \$4,000,000 reserve is not all in available cash.

### C. F. Liscomb Reports on Year

**Reviews Work of Executive Committee at Meeting of Minnesota Association of Insurance Agents**

C. F. Liscomb reported to the annual meeting of the Minnesota Association of Insurance Agents in St. Paul that seven meetings of the executive committee, of which he is chairman, were held the past year.

One of its achievements was bringing a harmonious settlement to a controversy in a southern Minnesota city where a member agent complained that certain companies through their general agents were violating the agreement as to ownership of expirations.

In another city the committee guaran-

teed legal assistance to an agent, not a member of the association, who was vigorously opposing mutual competition. Aid of the National Board was sought for this agent, but the request was turned down. Incidentally, the agent to whom aid was given joined the association and brought in another agent.

### Meeting with Calhoun

Mr. Liscomb recalled that in February the executive committee met with W. B. Calhoun, chairman executive committee National Association of Insurance Agents, for discussion of the annual allocation of Minnesota funds to the National association. There was no change in the allocation.

The qualification bill, although drafted, was not presented because there was enough indicated opposition by mutual companies to defeat the bill.

A meeting in April with President Goodwin of the National Association was recalled.

In August, on complaint of a member, the executive committee gave attention to a situation in which violation of the rule as to ownership of expirations on the business of a newly acquired agency was charged. The charge was substantiated and the offending member was rebuked.

Mr. Liscomb recommended that an aggressive campaign for new members be carried on during the year. Mr. Liscomb concluded with a tribute to W. S. Gilliam, executive secretary.

### May Pledge Exchange Assets

MADISON, WIS., Aug. 26.—In an opinion to Commissioner Mortensen, Deputy Attorney General Wylie holds that "the commissioner of insurance, as receiver of an insolvent reciprocal exchange, may, upon order of the court, and to preserve the assets, borrow and pledge the assets as security."

### Question of Joint Tenancy

Joseph Karowski and wife owned a lot as joint tenants. Then Joseph and his son formed a partnership. They orally agreed that the partnership would erect a building on the lot and that the premises should belong to the firm. The premises were insured by the firm. The policy required that the insured be the sole owner. The wife died. Later fire destroyed the building. In an action defendant contended that the oral agreement created a tenancy in common and



the wife's interest passed to her heirs. Verdict was returned for plaintiffs. Defendant appealed. Held that judgment be affirmed. The oral agreement did not operate as a severance of the husband's interest and change it to a tenancy in common. The joint tenancy remained. Since the husband intended to

transfer the entire fee to the firm, and he could do this, when he owned all, which was after his wife's death, there were sufficient acts of part performance to overcome the statute of frauds and place equitable ownership in the firm, the insured. Affirmed. Kurowski et al. vs. Retail Hardware Mutual Fire.

## IN THE MISSOURI VALLEY

### Kansas Agents' Dates Fixed

**Annual Meeting to Be Held at Lawrence  
Oct. 15-16—Kansas Insurance Day May  
Be Observed There Same Week**

WICHITA, KAN., Aug. 26.—C. K. Foote, president of the Kansas Association of Insurance Agents has announced Oct. 15-16 as tentative dates for the annual meeting of the association at Lawrence. The K. U.-Kansas State football game at Lawrence Oct. 17 will be an added attraction which should swell the attendance.

It has not been decided whether a one or two-day convention will be held. It is quite likely that the Kansas Insurance Day gathering may be held at Lawrence the same week, in the nature of a joint convention. A three-day convention was held last year in Wichita with much success, though not in connection with Insurance Day.

Frank T. Priest, chairman of the program committee, hopes to secure some of the speakers from the national convention for the Kansas meeting, as those from the east will be returning about that time and could conveniently stop off in Kansas. Glenn E. Charlton of the Charlton Agency at Lawrence, former president of the Kansas association, heads the committee on arrangements of the Lawrence Board, convention hosts.

### New Plan to Be Adopted for Missouri Inspections

Executive committee members, committee chairmen and vice-chairmen of the Missouri State Fire Prevention Association met at Columbia to outline plans for the year. President J. R. Curran, New York Underwriters, presided.

A radical departure was decided on to stimulate more thorough town inspections. A chairman is to be appointed for each inspection, who will be a member of the executive committee. The chairman will call a meeting of field men at 9 a. m. and will tell each man what is expected of him that day, and what is expected of the entire group, urging more thorough inspections and more conscientious work. In the past some field men were inclined to regard the inspection as holidays. The chairman will impress his men with the importance of the work from the angle of public relations.

Seven towns have been lined up tentatively for inspections this year, with Fulton as the first. It will be inspected some time in October.

W. W. Ellis and Wallace Rogers were present and spoke on the National Board advertising campaign. J. S. Hubbard, secretary Missouri Press Association, also was present.

### Williams General Agency Adding to Its Facilities

The Charles F. Williams general agency of Kansas City has been appointed general agent for Missouri by the American Liability & Surety and the Western & Southern Fire of Cincinnati, and by the National American Fire of Omaha. The fire department of the agency is in charge of William Broe, who has had many years' experience

with the Hartford and other fire companies. The Williams general agency has connections with 401 agents in Missouri.

The Williams general agency has also purchased the Missouri agency plant of the Reed Penington general agency of Denver and has replaced the Union of California which the Reed Penington general agency represented with the companies represented by the Williams general agency. This addition gives the Williams agency plant more than 100 new agents.

Heretofore the Williams agency had limited its casualty writings to automobile, but now will develop all casualty and surety lines.

The agency recently took on the Great American Life of Kansas and is establishing a life department. It is moving into larger quarters for the fourth time in two years.

### Insurance Department Taken Over

OMAHA, Aug. 26.—The insurance department of the City National Company, affiliated with the State Bank of Omaha, which recently closed its doors and was taken over by the state, has been absorbed by the Securities Investment Company. S. P. Smith, its former manager, will manage the insurance department of the securities company. He has been in the insurance business in Omaha for eight years, having come here from Baltimore.

### Show Hutchinson Improvement

Engineers of the National Board have issued a supplementary report on Hutchinson, Kan., which indicates extensive improvements since the original report of January, 1931. Among the major improvements are additional wells, new pumps, additional water mains, reorganization of the fire department under a new chief, additional officers, establishment of drill and training school, inauguration of regular mercantile building inspections, new hose, provision for additional men and "general improvement in the appearance, morale, and efficiency of the department." In addition a building code has been adopted and a building department created. Fire limits have been extended and fire prevention ordinances adopted.

### Kansas July Losses

Kansas fire losses in July, the state fire marshal reports, were \$289,287, as against \$448,282 in July, 1930. However, this was an increase of \$21,000 above the June, 1931, figure as there were 115 more fires in July. Total losses so far this year are nearly \$500,000 less than in 1930.

Four fires blamed on incendiarism caused losses of \$30,550. Dwellings and barns suffered the greatest losses, 104 dwellings showing a loss of \$97,405 and 41 barns, \$69,290. None of the larger cities had major losses last month.

### Rerating Nearly Completed

TOPEKA, Aug. 26.—Rerating of Kansas waterworks towns by the Kansas Inspection Bureau will be completed by Sept. 1 with the exception of Pittsburg and Winfield, which have been held up for fire department and waterworks improvements. Among the recent rate publications have been Wichita, Leavenworth and Oil Hill. This week new card rates are being issued for Hutchinson and a rate book for

1805

1931

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### WHAT IS THE POLICY YEAR METHOD OF ACCOUNTING?

The need for an accounting system to care for the multifarious transactions of the insurance business was discussed in the previous issue of this series. The system used is the policy year method, and provides a record of all transactions chargeable against policies issued or renewed within a given calendar year.

For example, a policy issued in 1930 is assigned to policy year 1930, and all transactions involving it, regardless of the date of their occurrence, are charged against the 1930 policy year. If the policy is cancelled, or an additional premium is collected during 1931, the charge is applied to the 1930 policy year. Likewise, all losses, irrespective of the year paid, would be assigned to the 1930 policy year.

Only through the policy year method of accounting is the insurance business able to compile its diverse experience data into an orderly form that makes for ready interpretation.

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Douglass. The grading has been filed for Pittsburg, and will soon be established for Winfield, so that these towns will soon be rated.

Several hundred 9th and 10th class towns will receive attention the next few months, so that the entire state will be rated under the latest edition of the Dean schedule. This work will be handled by the regular force of the Kansas Bureau, as the extra inspectors recruited for the general rerating have all been released.

### Fireworks Ordinances in Iowa

DES MOINES, Aug. 26.—Three more Iowa municipalities, Decorah, Humboldt and Fayette, have passed ordinances banning the sale of fireworks, and six others, Toledo, Madrid, Eldora, Iowa City, Mason City and Mapleton, have notified C. W. Borrett, secretary of the Iowa Fire Prevention Association, that they are working on similar measures.

The mayor of Des Moines has announced that there are already two ordinances on the books making the unrestricted display of fireworks illegal and that if necessary the city council will pass a new ordinance.

### Kansas Splash Postponed

The "splash" of the Kansas Blue Goose scheduled for September in Wichita has been postponed to November, C. E. Bleckley of the Rhode Island, most loyal gander, announces. It was felt that a greater attendance could be secured later in the fall, as most of the Kansas field men have been taking vacations in August and could not get their office work cleaned up in time to attend a splash so early in September. The regular field club meetings will be held at Topeka Sept. 1 as scheduled.

### Fire School Program

The program for the second South-east Missouri Fire School short course, to be held in Poplar Bluff, Mo., Sept. 14-15, has been announced by President F. E. Kirkpatrick, who is fire chief of Poplar Bluff. Among the men connected with fire insurance who are scheduled to appear are M. I. Parker, engineer Missouri Inspection Bureau; Capt. H. C. Ousley, fire department inspector, Missouri Inspection Bureau; H. K. Rogers, Western Actuarial Bu-

reau, and J. Elmer Ball, past president Missouri State Fire Prevention Association.

### Form Missouri Local Boards

A trip in the interests of the Missouri Association of Insurance Agents was taken last week by P. K. Weis, Moberly, president; T. S. Ridge, Jr., chairman legislative committee, and W. F. Maring, Jr., executive secretary. Preliminary arrangements were made for local boards at Warrensburg, Jefferson City, Brookfield and Chillicothe and individual members were secured at Lees Summit, Columbia, Macon and Moberly.

The three officials will return to towns in which local boards are being organized next week.

### Kansas Fire Underwriters' Meeting

The first fall meeting of the Kansas Fire Underwriters Association has been called by O. W. Doling, secretary, for Sept. 1 at Topeka.

### Firman White in Hospital

Firman White, Kansas City, Mo., state agent of the Royal Exchange, underwent a major operation at a hospital there last week. Mr. White is progressing very nicely and expects to go home from the hospital within the next week.

### Iowa Notes

The Elbert E. Vary Insurance Agency, Cedar Rapids, Ia., has incorporated.

The C. F. Paschel agency, Council Bluffs, Ia., has been sold by Mary Paschel to the J. P. Mulqueen agency.

### Missouri Notes

C. J. Stenzel, formerly with the Hartford Fire, has been appointed manager of the insurance department of Love & Co., St. Louis.

David Berenstein, president of the Industrial Bankers Corporation, has formed the Berenstein Insurance Agency, 806 Chestnut street, St. Louis.

### Kansas Notes

R. M. Cauthorn of the Home Mortgage Title & Trust Company, members of the Wichita Insurers, has been named a member of the general board of the national council of the Y. M. C. A.

A. J. Christman, Jr., of the Christman & Sons agency of Wichita, has purchased the interest of his brother, G. F., and is now sole owner of the agency, which was established in 1899.

## STATES OF THE SOUTHWEST

### Tulsa Agents Hear Murdoch

Secretary of State Board Explains Plan to Eliminate Part-Timers from Agency Ranks

A meeting of more than 75 Tulsa insurance agents was held in that city during the past week, with William Murdoch, secretary state insurance board, as principal speaker. He explained his plan to eliminate all bankers, mortgage concerns, financial corporations and persons with other positions who hold insurance licenses illegally.

Mr. Murdoch said that Oklahoma has the best insurance code laws in the country and that they give the insurance board more power than any other state board. Despite this, he said, there is not a state where insurance conditions are as bad as in Oklahoma. "The remedy has been prepared, prescribed for you in your laws, and you have refused to take it," he said.

The meeting was the fifth to be held in the state this month, others having been held in Perry, Ponca City, Pawhuska, and Newkirk. Mr. Murdoch plans to spend much of his time in the field, explaining his program.

Other speakers included M. M. Keys,

secretary state association; R. W. Branch, secretary Tulsa Fire & Casualty Association; and J. A. Frates, president Tulsa association, who presided.

### End Tulsa Golf Tourney

TULSA, OKLA., Aug. 26.—The final match of the Blue Goose golf tournament, which has been in progress here for some weeks, was played last week. Loving cups will go to Don F. Wright, champion, and H. W. McBride, runner-up. Thirty-two members of the Tulsa puddle took part in the tournament. A challenge has been issued to the Oklahoma City pond by the winners here.

### Discuss New Truck Cover Rules

FORT WORTH, TEX., Aug. 26.—A special called meeting of the Fort Worth Insurance Exchange was held to discuss the order recently issued by the motor transportation division of the railroad commission stating its requirements for motor truck insurance. Special attention was given to the minimum coverage required and the possibility of this minimum coverage in many instances not affording full protection to shippers. Fort Worth agents were cautioned to explain carefully to their



motor truck clients the lack of complete protection in instances where this minimum amount is used. Full explanation was given also concerning the policy contract, so that, in the event of loss, there would be no misunderstanding about the protection paid for.

### Hearing on Hail, Tornado Rates

AUSTIN, TEX., Aug. 26.—The law passed by the Texas legislature for the same regulation by the state board of insurance commissioners of insurance covering lightning, tornado, windstorm or hail and the rates for such insurance as for fire insurance was effective Aug. 22.

The board has notified all stock companies writing these classes of a hearing in Austin Sept. 8 to consider rates and other matters, including uniform policy contract and forms, clauses and endorsements used in connection with these coverages.

### DeWeese Explains Questionnaires

AUSTIN, TEX., Aug. 26.—Passage of the new agency license law made it necessary for the board of insurance commissioners to adopt new license forms. After conferences with a committee of company men, the board has adopted a questionnaire that serves to bring out the important points covered by the new law. By this new law there are created two separate classes—local recording agents and solicitors. For this reason the board has adopted separate questionnaires for these two groups. At the regional meetings just held by the Texas Association of Insurance Agents all over the state, Commissioner DeWeese read to the agents the new questionnaires, explaining in detail each of the questions and the effect of the answers on licenses to be issued.

### Insurance Carriers Exempt

OKLAHOMA CITY, Aug. 26.—The attorney-general rules that securities of an insurance company, which may be under the supervision of the insurance department, are exempt from provisions of the securities act passed by the last legislature. The opinion was rendered the Oklahoma securities commission created by the legislature in reorganizing administration of the "blue sky" laws. Some confusion was possible under the securities statute.

### Publish Official Organ

The "Oklahoma Insuror," official organ of the Oklahoma Insurors and the Associated Fire & Casualty Underwriters of Oklahoma City, has made its official bow. The first issue was mailed to more than 3,000 fire and casualty men of the state. The 20-page monthly

publication is edited by Mott Keys, secretary-manager of both organizations.

An outstanding feature of the issue was a message to agents from W. M. Murdoch, secretary insurance board. He estimated that 90 percent of applicants would fail to pass if an examination for agency qualifications were held, rigidly based on the statutes. He said the board plans by gradual elimination of incompetent agents to bring about better working conditions than could be obtained by a "hard and fast" agents' qualification act. He said the combined effort of real agents is needed under the present law and hearty cooperation with the board.

### Offer \$500 Arson Reward

DALLAS, Aug. 26.—Dallas fire insurance men have arranged to pay \$500 reward for information leading to arrest and conviction of any firebug in the city, it is announced by Alfonso Johnson, manager Dallas Insurance Agents Association. He said Dallas leads other Texas cities in fire loss; that fire loss here in the past five years has averaged more than \$5 per capita, with \$6.63 last year, compared with the per capita average for the nation of a little more than \$4. He cited over-insurance as one reason. The statement was made before the Wholesale Credit Men's Association. Mr. Johnson outlined plans for Fire Prevention Week and urged the wholesalers to join in efforts to eliminate hazards and cut fire losses.

### Oklahoma Notes

John H. Jones and the Kiser & Wyatt agency are new members of the Tulsa Fire & Casualty Association.

Work will begin soon on the new central fire station at Tulsa, Okla., which will conform with requirements laid down by the National Board.

Sponsored by the Oklahoma firemen's training school, the second quarterly training school for instructors was held at Tulsa. A total of 61 were enrolled in the course, representing 30 cities.

### Texas Notes

The H. G. Yopp agency and the Scott & Parker agency, San Antonio, Tex., have consolidated and will be known as Yopp, Scott & Parker.

G. M. Watson, who received his master's degree from the University of Texas this summer, will be associated with his father, W. O. Watson, in the Watson Insurance Agency, San Antonio.

J. T. Tunnah, in insurance work for 20 years, has been appointed manager of the insurance department of the Central Loan & Investment Co., Little Rock, Ark., which recently purchased the insurance and mortgage loan departments of the now closed Federal Bank & Trust Co.

## IN THE SOUTHERN STATES

### Five-Year Kentucky Figures

Loss Ratio 53.4 Percent on All Classes—  
Cereal and Flour  
Mills High

FRANKFORT, KY., Aug. 26.—Figures from the records of the Kentucky department of fire prevention and rates for 1926 to 1930 contain a great deal of interest to the underwriter.

On the grand total of all business written a 53.4 percent loss ratio is shown. However, experience in some classes has been bad. Cereal and flour mills show a loss ratio of 176.5 percent; lumber yards with a 56.5 loss ratio are better than generally supposed; and the same is true of tobacco in barns at 52.5 percent; but sprinklered risks showed a heavy loss increase in 1930, and for the five year period a ratio of 76.56 percent.

Grain elevators and warehouses are rather high at 62.9 percent; woodworking plants, 84.4 percent; mining risks, 71.8 percent; farm properties, 70.8 percent; seasonal cottages, 69.2 percent; while protected frame dwellings show 53.5 percent; as against 81.11 percent for unprotected frame dwellings.

### Mercantile Experience Good

Mercantile risks show up very well. Protected mercantile buildings, brick, 41.9 percent; protected frame mercantile buildings, 27.6 percent; unprotected mercantile buildings, frame and brick, 58.4 percent; mercantile stocks, brick, protected, 47.4 percent; frame protected, 41.7 percent; mercantile brick and frame, unprotected, 56.6 percent; and mercantile contents, fireproof, 39.6 percent.

The five year loss ratio of 53.4 percent is probably better than can be expected in the next five years, as during a part of that period the companies were col-

lecting from 6 to 12½ percent more premiums than now. The year 1930 was a heavy loss year in the state, but some lines held nicely.

	Prem.	Losses
1926 .....	\$10,512,256	\$ 6,240,893
1927 .....	10,246,804	5,081,551
1928 .....	10,477,483	5,029,020
1929 .....	10,008,430	4,496,859
1930 .....	9,563,062	6,298,015
Total .....	\$50,808,035	\$27,146,338

### Reece Is Nashville Speaker

New Commissioner Addresses Exchange at Monthly Meeting—Pledges Most Cordial Cooperation

NASHVILLE, Aug. 26.—J. I. Reece, newly appointed Tennessee commissioner, was the honor guest at the monthly luncheon meeting of the Nashville Insurance Exchange. A large attendance was on hand to meet the new commissioner.

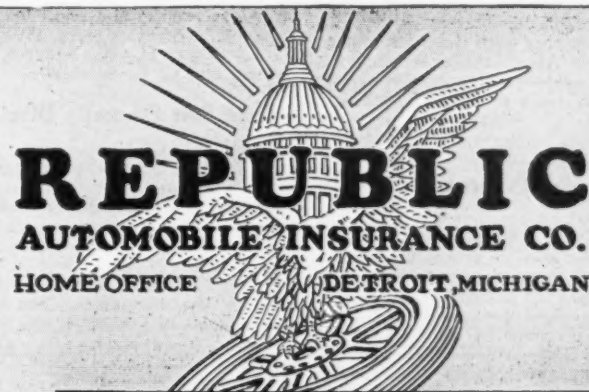
Commissioner Reece expressed his appreciation of his responsibilities of his position and pledged his cooperation to the fullest with the exchange and its individual members. He said he had some tentative changes in mind, but at present they are merely in a formative state and he will not be ready to make

them public until the state association convention in Knoxville in November. He suggested, however, that the two ideas uppermost in his mind at present, on which he will give a ruling at the Knoxville convention, are his interpretation of the present agency qualification law and the question of bank agency appointments.

I. G. Chase was elected delegate to the convention of the National Association of Insurance Agents in Los Angeles and Miss Jenny Allen of the Kelly-Allen Company, alternate. Commissioner Reece will attend the commissioners' convention at Portland, and said he would try to the utmost to arrange his affairs so that he might attend the agents' convention in Los Angeles the following week.

### Montgomery Exchange Meets

The annual outing meeting of the Montgomery Real Estate & Insurance Exchange was held at Summer's Rest, a nearby resort, concurrently with a barbecue and entertainment tendered the annual convention of the Alabama Real Estate Association. Several hundred guests were present. The members of the exchange were called into annual session by President Hartwell Douglass, who reviewed the year's work. Annual report was made by S. H. Cochran, sec-



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retary-treasurer. All officers were re-elected for the ensuing year as follows, these being in addition to President Douglass: Vice-president, P. M. Nicrosi; secretary-treasurer, S. H. Cochran. The board chosen is composed of Sylvain Baum, Carl Wilson, Arthur Mead, J. M. Harrison and M. D. Pepperman.

### Expect Big Tennessee Meeting

NASHVILLE, Aug. 26.—W. I. Edwards, president of the Nashville Exchange, believes that, from all indications, the state convention at Knoxville in November will be one of the most important in the history of the Tennessee association, due to the fact that the constitution is now being revised, with a virtual reorganization program, and the fact that the new commissioner, J. I. Reece plans to announce some possibly radical changes in department rulings.

The program will include some very excellent speakers, which should create an unusual interest. The further fact that the University of Tennessee-Vanderbilt football game immediately follows the convention is expected to swell the attendance.

### Names Conference Committee

AUGUSTA, Aug. 26.—President Scott Nixon of the Georgia Association of Insurance Agents has appointed these members of the newly created committee for conference with the Southeastern Underwriters Association executive committee on subjects of mutual interest: S. O. Smith, Gainesville; A. R. Menard, Macon; H. C. Arnall, Newnan, and George White, Atlanta.

### Nashville Fire Prevention Activity

Continuous cooperation with state and city officials in efforts to reduce fire losses in the city is scheduled by the chamber of commerce at Nashville, Tenn. Among the activities planned are an effort to have fire prevention as a permanent program in public schools; distribution of inspection blanks to merchants, manufacturers and wholesalers; radio talks on fire prevention; enlist operation of all civic and other organizations, and also the newspapers, in fire prevention; anti-litter campaign.

### Birmingham Season Opens

The Birmingham Association of Insurance Agents will resume its general membership luncheons Sept. 8. The association is in good shape and will end the year with a surplus although dues were reduced. President R. C. Gregory has been designated to attend the Los Angeles convention of the National Association of Insurance Agents. Others from Alabama to attend will include C. L. Gandy, member national executive committee, and President Arthur Mead of the Alabama association.

### Urges Signing of Pledge

BIRMINGHAM, ALA., Aug. 26.—An effort is being made to get Alabama agents to sign up the National Association of Insurance Agents pledge 100 percent by the time of the Los Angeles convention. Secretary Ford of the state association has recently sent out a second letter to agents urging those who have not done so to sign up and give their support toward the preservation of the American agency system. Most of the agents already have signed the pledge.

### New Electric Station Schedule

RICHMOND, Aug. 26.—The Virginia rating bureau has filed with the state corporation commission a proposed revised schedule of rates and regulations as to fire coverage for electric generating stations, intended to promote uniformity of rates and charges and to prescribe a standard in some instances more restrictive but more in conformity with present day engineering

practice. A hearing is set for Sept. 22. While the revised schedule would bring about reduction in rates in most instances, increases are possible under certain conditions, according to E. W. Spencer, manager of the bureau.

### Georgia Legislature Adjourns

ATLANTA, Aug. 26.—The Georgia legislature has adjourned without passing any legislation affecting insurance. A threat of increased premium taxes hung in the balance for several days, but was lost in the closing hours. No action was taken on the bill to transfer insurance affairs from the comptroller general's department to the secretary of state and all insurance matters remain under the control of the comptroller general, W. B. Harrison.

When the appropriations committee sent in a report an item of \$150,000 for fire insurance premiums on state buildings had been lopped off. In the last hours of the session, however, \$113,000 of this was restored.

### Chattanooga Exchange Elects

CHATTANOOGA, TENN., Aug. 26.—C. G. Walline of the Chattanooga Insurance Agency was elected president of the Insurance Exchange of Chattanooga at its annual meeting. Henry Trotter of Trotter, Boyd & Keese is vice-president; Capt. H. F. Wenning of Ferger Bros., secretary, and Will Keese, Jr., treasurer. Directors are J. W. Oliphant, F. L. Gates, H. W. Spencer, W. C. Brown, and C. L. Alexander.

### Rate Suit Formally Dismissed

NEW ORLEANS, Aug. 26.—An order for the dismissal of the suit of the stock fire companies to compel the Louisiana insurance commission to approve a schedule embodying an increase in rates on five classes of property has been signed by Judge Cage in the district court here on motion of the attorneys for the companies. The commission refused to authorize the increased rates and a few weeks ago stated that approximately \$200,000 would be needed for defense of the suit. It was said the companies would be required to pay for the defense of the litigation and they then decided to abandon the fight for increased rates.

### Seek Fire Department Tax

The Virginia State Firemen's Association went on record at its annual meeting in Winchester last week in favor of an additional tax being levied on the fire companies to help support

volunteer fire departments. The legislative committee was directed to wage a fight at the session of the legislature in January, 1932, for passage of such a tax. No specific amount was mentioned.

### Parkins Opens Agency

S. H. Parkins, Jr., who has been with Dovel & Dovel, Harrisonburg, Va., the past six years, has opened an agency of his own in the National Bank building.

Mr. Parkins was formerly special agent for the Aetna in Virginia and North Carolina. The Aetna will be one of the companies he will represent.

### Takes Over Mann Agency

LOUISVILLE, Aug. 26.—The Brown & Martin agency has taken over the insurance business of the Mann Insurance Agency. L. C. Grossman, formerly of the Mann agency, has joined the Brown & Martin office as a solicitor. Companies added to the Brown & Martin list included the Niagara, Scottish Union, Detroit Fire & Marine and Columbia of New Jersey.

### Collections More Difficult

BIRMINGHAM, ALA., Aug. 26.—Collections are increasingly growing more difficult in Alabama and Mississippi according to special agents and company officials. The number of agencies has shown a material decrease on account of consolidations, which were necessary in many cases to carry on. Other agencies have been closed out, with companies collecting their balances as best they could. Some of the companies have been left without representation.

The loss ratio in Alabama showed a material increase for 1930 and agents feel certain that the ratio will be even higher this year. Field men have plenty to do in making collections, closing out old agencies and trying to find new ones.

Peyton Norville, local agent and realtor at Mobile, Ala., won the "home town speaking contest" for his city at the annual convention of the Alabama Real Estate Association.

The Pocahontas Insurance Agency, Bluefield, Va., has been incorporated. K. C. Patty is president; W. A. Thornhill, vice-president; Nellie T. Thornhill, secretary.

The 40th annual meeting of the Hurst Home was held at Lexington, Ky. H. P. Cooper of Indianapolis, secretary of the National Association of Mutual Insurance Companies, was the principal speaker.

## ON THE PACIFIC COAST

### Officials Were Entertained

### United Pacific Casualty Men Were Honored by the Seattle Insurance Exchange

The Seattle Insurance Exchange at its luncheon last week had as its guests the officers of the United Pacific Casualty of Seattle. President C. B. White of the Seattle Exchange introduced R. M. Drumheller, chairman of the board of the United National Corporation; President J. W. Reynolds of the United Pacific Casualty; T. G. Hammond, vice-president; George C. Huskins, vice-president, and R. W. Hall.

The United Pacific Casualty was the host to the Washington Insurance League members and guests in a trip to Victoria during the time of the state convention.

### California Makes Quota

SAN FRANCISCO, Aug. 26.—The first 20 days of August the California Association of Insurance Agents made its quota of 40 new members assigned

to it by the National association in July. President Eugene Battles and Frank Colridge, executive secretary of the California association, redoubled their membership efforts, with the result that the quota has been reached before the allotted time.

This means that despite the usual number of "casualties" which are bound to occur in any association the size of the California body, this association will show a 10 percent increase in membership for this year and retains third place in point of membership. New York is first and California is crowding Ohio for second place.

Secretary Colridge reports increasing enthusiasm for the national convention in Los Angeles next month. Indications are practically 100 percent representation from the California associations will be on hand.

### Goodwin at Los Angeles

LOS ANGELES, Aug. 26.—Percy H. Goodwin, president of the National Association of Insurance Agents, was the guest speaker at the regular monthly meeting of the Los Angeles Fire Insurance Exchange, which was devoted

to an enthusiastic rally for the annual convention of the National association here Sept. 21-25.

Fred Hougham, secretary of the America Fore group, who is spending his vacation in southern California, was also a guest at the meeting.

H. L. Martin, chairman of the registration committee for the National convention, reported that plans are now being completed under which the majority of delegates to the convention will have been assigned hotel accommodations ready for occupancy on arrival. The committee has also arranged for direct baggage service.

### Sue Over Forest Fires

Twelve damage suits totaling \$104,870 have been filed at Kalispell, Mont., against the State Lumber Company, charging it with responsibility for starting the great Half Moon forest fire in August, 1929. Damage actions involving more than \$300,000 also were filed at Great Falls against the company as a result of the same fire, one of the worst of that season, which traveled 40 miles and burned into Glacier National Park. The company is accused of carelessness in operating logging and hoisting engines with defective spark arresters during extreme drought and high winds, and also with failure to remove slashings and other combustible material along the railway line and neglecting to furnish proper fire fighting equipment.

### Evans with Williams & Co.

E. W. Evans has been appointed manager of the fire department of E. D. Williams & Co., of Los Angeles, general agents of the Dixie Fire. Mr. Evans was formerly an examiner in the Los Angeles office of the Pacific Board and also served as special agent of the General of Seattle.

### Collection Situation Critical

SAN FRANCISCO, Aug. 26.—Fire insurance offices here are experiencing considerable difficulty in collections in some sections. While last year collections were "off," it appears that the depression is now being felt on the Pacific Coast more than previously. Some of the oldest agencies in California are involved and are virtually in the hands of field men.

### Coast Veteran Dies

M. R. Swall, 70, Arroyo Grande, Cal., who had been in the fire insurance business for more than 30 years, is dead. He was one of the oldest members of the California Association of Insurance Agents, both in point of membership and years. He had represented the Fireman's Fund and Royal continuously for the past 20 years.

### Addresses Are Published

SAN FRANCISCO, Aug. 26.—The Fire Underwriters Association of the Pacific has issued two of the addresses delivered at the annual meeting last March in pamphlet form and is offering them at 10 cents a copy. One, by F. J. Perry, assistant manager of the Royal in San Francisco, covers explosion, riot and civil commotion and the other pamphlet, by H. B. Mariner, assistant manager of the American of Newark, rents, rental value and leasehold insurance.

### Speakers for Fire Chiefs

Herbert Raines, engineer for the National Board on the Pacific Coast, will address the Pacific Coast Association of Fire Chiefs at its meeting in San Diego Sept. 7. J. W. Stevens, chief of the fire prevention bureau of the National Board, is secretary of the association and will have charge of most of the details. Judge F. F. Fricke of Los Angeles will talk on "Arson Prosecutions" and J. H. Schively, secretary California Insurance



Federation, will speak at the memorial service.

### Yeager with Travelers Fire

William P. Yeager has been appointed special agent of the Travelers Fire, with headquarters in San Francisco, where he will be associated with Manager Logan B. Chandler. Mr. Yeager was district manager of the National Automobile Club during its formative period.

### Would Check Arson Losses

Convinced that the mounting fire loss on the Pacific Coast is due largely to the activities of arsonists, the National Board is endeavoring to stimulate the public interest in halting the crime. Investigators of the board are increasing their activities in soliciting the support of officials to obtain arrests and convictions which will discourage those inclined toward burning up some of their financing troubles.

### Moorhead in San Francisco

SAN FRANCISCO, Aug. 26.—L. S. Moorhead, vice-president of the Associated companies with headquarters in Los Angeles, is making his headquarters at the home offices in San Francisco during the absence of President C. W. Fellows. Mr. Fellows is in the east and will be away for the next three months. Mr. Moorhead, who has been with the

organization since its start in 1923, is assisting Vice-president H. B. Humphrey in handling the executive responsibilities.

### Montana Costs Analyzed

The Pacific Board prints a chart based on the Montana department's annual report, showing that the cost of each \$100 of fire insurance in that state has decreased about 31 percent from what it was in 1914, while the fire losses have increased about 72 percent in the same period. The ratio of net losses incurred to net fire insurance premiums received by all companies authorized in Montana for the 17 year period averages 49.2 percent.

### Jailed for Insurance Fraud

D. F. Morey, former Los Angeles insurance agent, was sentenced to 18 months in jail and put on 15 years' probation on two counts of forgery and one count of filing a false insurance claim. He was also instructed to make full restitution to the company he was accused of defrauding. Morey was charged with burning an oil well and an automobile in Ventura county in 1930 to collect \$10,000 insurance.

C. W. Mitchell of San Francisco, chief electrical inspector Pacific Board, and Thomas Lloyd, electrical inspector in the Butte office, are making an inspection of public utility properties in Montana.

## IN THE MOUNTAIN FIELD

### Mountain Directory Is Out

Hand Book for Colorado, Wyoming and New Mexico Comes from the Press

The 1931-32 insurance directory for Colorado, New Mexico and Wyoming is off the press of THE NATIONAL UNDERWRITER and the "Western Underwriter." This is a joint publication of the two publishing companies. It gives full insurance information of the so-called Rocky Mountain territory which is growing in importance insurance-wise. There is a large amount of general information regarding companies entered in the states and their statistical record. The body of the book proper gives the insurance agents and the companies represented in all the points in the three states. The Rocky Mountain territory constitutes a field in itself of increasing importance. This work is a reference book for all those interested in insurance in those three states.

### Explosion Plot Discovered

DENVER, Aug. 26.—Fire insurance interests were given a scare last week

when a plot to blow up bulk station gasoline tanks in a number of southern Colorado cities was discovered. The discoveries were made by linemen who found power lines had been tapped by wires running to the tanks. A portion of the wiring was buried under ground where electric time clocks, evidently intended to complete the circuit at a specified time, were concealed.

### Get National Union Agency

DENVER, Aug. 26.—Braerton-Simonton-Brown, Inc., general agents have been appointed general agents for the National Union Fire for the mountain territory including Colorado, Wyoming and New Mexico, according to announcement by Henry A. Yates of Pittsburgh, vice-president. Mr. Yates came here from the east to complete arrangements leaving Tuesday for Omaha.

### Summer Splash Is Held

The Colorado Blue Goose conducted its annual summer splash Aug. 22 at Eldorado Springs, mountain resort.

E. A. Hudkins, Maxwell, N. M., member of the Flohr & Hudkins agency, died last week.

## EASTERN STATES ACTIVITIES

### Baltimore Six-Month Record

Stock Companies Fire Premiums  
\$1,910,124 — Central of Baltimore  
Leads — Home Second

Fire insurance premiums received by stock companies on Baltimore risks the first six months of this year totaled \$1,910,124. This information is put out by the Fire Insurance Salvage Corps of Baltimore, in connection with its assessment. Mutual companies received \$64,904 in fire insurance premiums on Baltimore risks; reciprocals, \$4,271.

Following is the list of leaders in point of fire premiums received on Baltimore risks the first six months:

Central, Baltimore \$210,870; Home \$95,840; Baltimore American \$59,849; Na-

tional, Hartford \$58,094; Fidelity Phenix \$44,467; Great American \$40,759; Royal \$35,642; Fireman's Fund \$35,196; L. & L. & G. \$30,873; St. Paul \$30,144.

United States Fire \$24,916; New Brunswick \$24,506; Seaboard, Baltimore \$23,903; Fidelity & Guaranty \$22,463; Aetna \$21,884; Northwestern National \$19,952; Continental \$19,163; Importers & Exporters \$17,522; Rochester American \$17,204; Globe & Rutgers \$16,682; London & Lancashire \$16,283; Dubuque Fire & Marine \$16,184; Hanover \$16,182.

Home Underwriters \$15,929; American Equitable \$15,631; Homestead, Baltimore, \$15,595; Anglo-American Underwriters \$15,207; Atlas \$14,986; Superior \$14,642; Merchants Fire \$14,410; First National \$14,328; North River \$14,292; Eagle Star & British Dominions \$14,287; Agricultural \$14,057; Boston \$13,720; Yorkshire \$13,712; Franklin \$12,034; Phoenix, London \$12,003; Providence Washington \$11,817; Public \$11,628.

Pennsylvania \$11,341; Bankers & Shippers \$10,960; Travelers Fire \$10,851; Halifax \$10,693; General, Seattle \$10,674; Springfield \$10,576; North British & Mer-

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## Hurley with National Board

The most recent addition to the arson squad of the National Board is R. T. Hurley, former state police commissioner of Connecticut, who in his new connection will operate mainly in that state. Mr. Hurley has had over a quarter-century's experience with the Connecticut police department, in the course of which he secured the conviction of more persons for the crime of arson than did any other individual in the country. Experience has demonstrated that the most successful representatives of the National Board's arson squad are those that had former police experience.

## Board Rules Upheld, Plan Appeal

BUFFALO, N. Y., Aug. 26.—The Nossel & Dimick agency has indicated it will appeal from a ruling of Justice Norton of the supreme court that it must abide by rules governing members of the Buffalo Fire Underwriters Association. The agency was charged with deviation from rules relative to commissions, the justice upholding the association in its contention that members were bound to observe its regulations.

## Rose to Visit Boston

Henry L. Rose, most loyal grand gander, will be guest of honor at the meeting of the New England Blue Goose in Boston Aug. 31. This will be the 41st pond he has visited during his term of office.

## Pennsylvania Codification

Attorney-General Schnader of Pennsylvania has announced that the state department of justice will prepare codifications of the Pennsylvania laws on corporations, banking, insurance and building and loan associations for introduction in the 1933 legislature. Gov-

ernor Pinchot recommended drafting these codes in his 1931 budget message to the legislature.

E. R. Shockley, a deputy in the department of justice, will be in charge of the codifications.

## Change in Baltimore Agency

BALTIMORE, Aug. 26.—The J. Barry Mahool Company has changed its corporate name to S. J. Keiser & Co. S. J. Keiser is president-treasurer; Louis Keiser, vice-president, and A. M. Carter, secretary. Mr. Mahool has sold his interests in the company to S. J. Keiser, but will still handle insurance through Keiser & Co.

## Auto Fire Loss Rule

The Vermont department has informed the Clark Adjustment Service of Burlington, Vt., that an automobile fire loss in excess of \$100 comes under the provision of the Vermont statute providing that fire losses exceeding \$100 shall not be paid until after the expiration of 45 days. This section, according to the department covers fire losses without specifying any particular class of property to which the section is applicable. A loss of this kind, the department says, may not be paid in less than 45 days without special permission from the insurance department.

## Pennsylvania Agents' Meeting

The annual meeting of the Pennsylvania Association of Insurance Agents will be held at the Hotel Mallow-Sterling, Wilkes-Barre, Oct. 15-16.

## Eastern Notes

The Carr & Campbell agency, Arlington, N. J., has been incorporated by R. A. Riley, J. B. Carr and C. S. Campbell.

Mrs. Viola Wilson, wife of C. H. Wilson, president of Wilson, Forster & McCall, Buffalo, N. Y., died in her home there following a brief illness.

## MOTOR INSURANCE NEWS

## Definite Demand Is Found

**Fidelity-Phenix Survey Brings Out Prediction That Automobile Buying Will Increase in 1932**

NEW YORK, Aug. 26.—That a definite and considerable demand for new automobiles will exist in 1932 is the conclusion reached by the management of the motor department of the Fidelity-Phenix, as the logical deduction of its study of the present automobile situation. Due to the comparatively small number of new cars purchased in the past 18 months as a result of the general business depression, and the progressive obsolescence of machines in use, the imperative need for replacement should be felt early next year, it is maintained.

It is estimated, the company says, that of the 26,700,000 passenger cars and trucks registered in the United States at present, more than 10,000,000 are five years old or older, and that within the next five months the total of the class will reach 13,000,000. "It is obvious," the company continues, "that in view of road congestion and accident records,

automobile traffic has been maintained in heavy volume; added proof of which is afforded by the excessive monthly consumption of gasoline."

## Many Used Car Purchasers

Records of some 500 finance companies disclose that purchasers of used cars have been considerably in excess of the number buying new machines. In January, 1929, the finance companies aided in the purchase of 43 percent of used cars while in January last the percentage in the same connection was 82.8 percent; attesting that buyers were unable or unwilling to purchase new autos.

In 1928, 1,355,500 new and 1,114,200 used cars (all insured against the hazards of fire and theft) were financed through credit companies. Last year 1,329,800 new machines were carried, compared with 1,661,700 used cars. This trend toward older machines continues in the present year; the first quarter of which revealed that the used cars financed exceeded the new ones by 43 percent.

## Percentage of Junked Cars

An interesting feature in the operations of the finance companies is that during 1930, 14.3 percent of the passenger cars traded in were junked, as against 9.2 percent in 1929; while 16.8 percent of the commercial vehicles turned in last year were scrapped. While the average sale of new motor vehicles for the past six years was 3,672,500, the consumption in the domestic field in 1930 was 2,900,000.

It is true that the average pleasure automobile of today is capable of longer service than held with the general run of machine of earlier years, by virtue of

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STATEMENT JANUARY 1, 1931

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### To Ratify Union Auto Sale

Stockholders of the Union Automobile of Los Angeles will meet there Sept. 12 to ratify the transfer of control of the company to San Francisco and Nevada interests headed by J. G. Johnston and B. Henley. Mr. Johnston is to be president, with his associate, J. L. O'Neill, as vice-president. J. L. Maritzen, vice-president and general manager for the past two years, will continue as vice-president. All other officers will be representatives of the new owners. As announced previously the new management will confine activities to California and Oregon.

L. B. Grayson, former claim superintendent for the Union in San Francisco, has succeeded A. E. Yarter as manager there. Mr. Yarter recently resigned to become manager for the American Motorists in Northern California.

### Discusses Auto Club Service

LOS ANGELES, Aug. 26.—L. L. Brown, southern California manager of the National Automobile Club, was the guest speaker at a luncheon-meeting of agents of the Travelers, with about 50 attending. He discussed the use of the service rendered to members by the club in meeting competition of reciprocals.

### Ruling on Reciprocals

The limits within which automobile reciprocals may practice law were defined in a decision by Judge F. S. Lamb of the Wayne County bench at Cadillac. The Detroit Automobile Inter-Insurance Exchange, which places insurance for the Detroit Automobile Club and the Automobile Club of Michigan, was defendant in an action by D. P. Schuur, attorney, who alleged that they practiced general law illegally.

Judge Lamb found no evidence to substantiate this charge. "They can only practice law through their legal departments in matters or claims in which a member of the club shall be interested, which are primarily and essentially in keeping with and fulfillment of the avowed purposes of the corporation," Judge Lamb said, "and where the expense shall be covered by the membership fee of \$10."

### Substitute Clause Approved

LANSING, MICH., Aug. 26.—The Michigan department has approved a substituted clause in the automobile con-

tract of the Wolverine of Lansing, eliminating an objectionable agreement to furnish an assured with defense counsel in event of prosecution for an alleged criminal act arising out of his operation of an insured car.

The new clause merely provides that the company may, at its discretion, provide counsel to sit in at such proceedings and take care of company interests as they may appear.

### Acts on Motorist Corporation

BALTIMORE, Aug. 26.—After the receipt of several complaints against salesmen of the National Motorist Corporation of Virginia, Attorney-General Lane has ordered the company to suspend operations pending investigation.

W. R. Jones, deputy attorney-general investigating the case, said: "It is apparent that the National Motorist Corporation has been selling to residents of this state so-called service contracts that are represented to afford insurance protection to the buyers. Upon examination of the literature employed in the sale of these contracts one would be led to believe that the contract provided complete protection. When the contract is examined, however, it is found that the company assumes only minor obligations, not at all in keeping with the literature."

The concern, which has headquarters in Washington, has not qualified with the insurance department.

### Finance Operations Up

The National Association of Finance Companies reports that the installment debt of automobiles purchased is increasing toward the normal volume. The lowest point was reached in March of this year when the debt was only \$536,000,000. The high point was in September, 1929, when the debt was \$964,000,000. At the end of May the debt had increased to \$571,000,000.

In January of this year the average amount financed was \$561 as compared with \$616 in January, 1929. The March and April average of this year was \$529 and in May it was \$539.

### Tulsa Recovery Record

TULSA, OKLA., Aug. 26.—Stolen automobile recoveries registered 100 percent in July, with 69 stolen and an equal number recovered, according to N. J. Moors, chief of police. The total recoveries were 76 but seven of those were from other cities.

### Samson Affairs Involved

Alvin S. Keys, Illinois department liquidator, reports that the affairs of the Samson Auto of Freeport, Ill., are in a very complicated condition, with the unliquidated assets of very doubtful value and that the outlook for creditors is not at all bright.

## MARINE INSURANCE NEWS

### Misunderstanding Is Caused

Phraseology of Fleet's Bulletin to Agents on Parcel Post Coupons Is Explained

Inland marine men call attention to a misunderstanding caused among agents by a large fleet of companies in a bulletin sent agents in regard to parcel post cover under the new Inland Marine Underwriters Association. The bulletin was intended to inform agents they could get new coupon books, and the new form could be identified "by reference to clause (B) under the caption 'Premium Charge,' the last line of which reads, 'Valued over \$250, and not exceeding \$500' . . . 8 coupons." The bulletin then went on, "No other policy

form permits covering a package for more than \$250."

This latter phraseology led many agents to believe the fleet was offering a broader form than that of other companies. The fact is that under the I. M. U. A. rules it is possible for all member companies to cover parcel post up to \$500 value if value of not less than \$50 is declared to the government or the parcel is registered. The fleet in question is a member of the I. M. U. A. and is said to be adhering strictly to the rules.

### Call Truck Cover Inadequate

ST. LOUIS, Aug. 26.—The St. Louis chamber of commerce has protested to the state public service commission against the clause in a tentative order of the commission regulating the opera-



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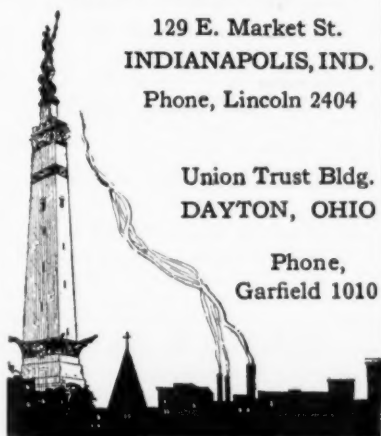
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tion of motorbuses and freight truck lines, which provides that \$1,000 insurance on cargoes will be sufficient coverage for common carriers and contract haulers.

At a hearing before the commission, Assistant Traffic Commissioner Cole of the chamber of commerce contended that \$1,000 is inadequate protection for many freight shipments. Chairman Stahl of the commission asked Mr. Cole to file a brief in support of his views as to insurance protection for freight shipments.

### J. W. Atkinson Weds

J. W. Atkinson of New Orleans, special agent for the Firemen's fleet in Mississippi and Louisiana, was married last week to Miss Margaret Green.

### Lafon Riker in Auto Crash

Lafon Riker, state agent in Kentucky for the American of Newark, was injured and Mrs. Riker killed instantly in an automobile accident at Crookston, Minn., while on a vacation trip. Mr. Riker is a member of a well known insurance family. A nephew, L. G. Riker, is Kentucky state agent for the London Assurance, and another, W. H. Riker of Chicago, is assistant western manager for the North America group.

### Turner Takes Louisiana

A. H. Turner, Atlanta, for some time general agent in Georgia, Alabama, Florida and Mississippi for the fire companies of the Yorkshire group, will on Sept. 1 also assume jurisdiction over Louisiana, which now reports to the head office of the fleet in New York. O. B. Chanfrau, special agent in that state, will continue in that capacity, but as an employee of the general agency instead of the companies direct.

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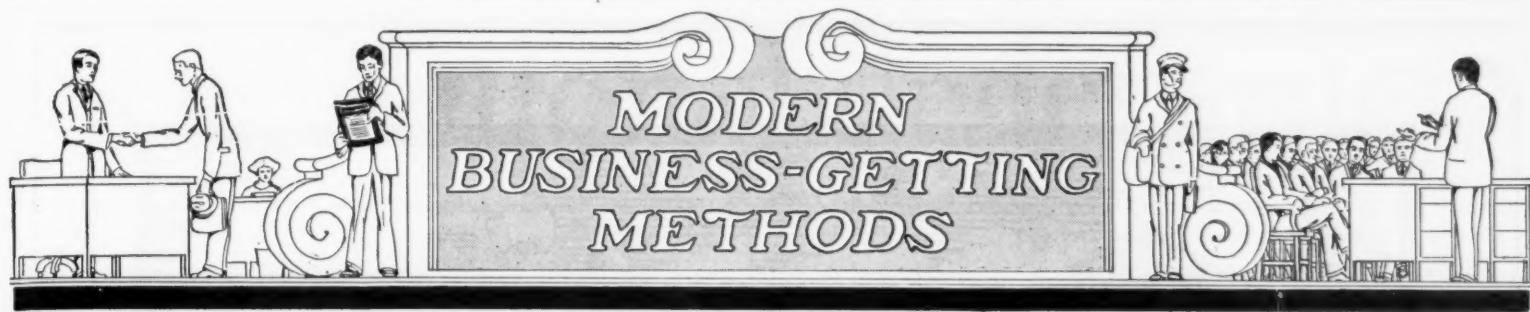
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## Questions and Answers Relating to Various Insurance Topics

The Phoenix of Hartford agency bulletin publishes questions and answers of interest. A recent set is as follows:

**Question:** An assured wishes to display fireworks for sale on a stand built on the pavement in front of his store. One of the conditions of the fire policy is that it will be voided if there are fireworks on the described premises without permission. Please give me your construction of the words "on the described premises."

**Answer:** Our opinion is that it would depend upon the coverage of the particular policy involved. For instance, if the form were a blanket one covering buildings and personal property, both inside and outside of the buildings at a certain location, then the word "premises" would be reasonably interpreted as being the location described, as there might be stock in the yard insured under the form which would be menaced by the presence of fireworks on the same premises. On the other hand, if the particular policy involved covered a stock of goods while contained in a certain described building, then the word "premises" would, it seems to us, mean within that particular described building and not on the pavement outside thereof.

\* \* \*

**Question:** A tailor wishes to issue a fire policy to him which will cover his customers' clothes, eliminating the legal liability clause and inserting wording to the effect that loss payments will be made upon his verification and approval of any customer's claim. This is due to the fact that receipts for clothes are not always given. His business is not large so he is able, in the absence of receipts, to know exactly what is in his possession. Will you approve?

**Answer:** We should not care to undertake the liability with a clause, such as the one you suggest, which would leave it entirely to the assured to verify and approve any customer's claim. In such case, his word would be supreme in the matter of an adjustment. This would not be a desirable condition under which to accept insurance. If the business is not large, as you say, it certainly should not be burdensome for the assured to issue a receipt in each instance. Incidentally if there is no legal liability there is no insurable interest.

\* \* \*

**Question:** We will appreciate it if you will give us your opinion as to the liability of a company insuring a householder against loss to furniture under the following conditions:

The assured holds a policy with the usual form attached in which is incorporated the recently revised lightning and electrical apparatus clause, which reads as follows:

1. Except as hereinafter provided, this policy also covers direct loss or damage to the property described in this policy caused by lightning (meaning thereby the commonly accepted use of the term "lightning") and in no case to include loss or damage caused by cyclone, tornado or windstorm) whether fire ensues or not.

2. If electrical appliances or devices of any kind are covered under this policy, this company shall not be liable for any electrical injury or disturbance to the said electrical appliances or devices whether

from artificial or natural causes, unless fire ensues, etc.

Lightning strikes the house, putting the electric lighting and power system out of commission, but fire does not ensue.

Investigation shows that as a result of the lightning, the refrigerator will not produce ice cubes, the radio refuses to give forth the troubles of Amos 'n' Andy, the electric washer no longer cleans the soiled linen and the electric stove remains cold to the coaxing of the cook.

Is a company liable for damage to any of the four named pieces of household equipment?

Do you consider that a company insuring a dwelling would be liable for damage to electric wiring and fixtures if such damage was caused by lightning?

We will be grateful to you for your opinion on these questions.

**Answer:** Answering your inquiry there would, in our opinion, be no liability for loss or damage to the electrical apparatus of the refrigerator, radio, washing machine, or the electric stove under a policy containing the clause you quote, where no fire ensued. The same would be true with the housewiring and electrical fixtures if there was no ensuing fire.

\* \* \*

**Question:** In the forms in use in my territory for insuring tenant's betterments and improvements, the coverage is limited to the insured's insurable interest in betterments and improvements. What is the necessity for the words, "insured's insurable interest"?

**Answer:** To more clearly indicate the nature of the coverage. Betterments and improvements become part of the realty to which they are affixed and as such, become the property of the building-owner. The lessee's interest in the betterments and improvements is the right to use them during the remaining period which the lease has to run and such right of use is the insurable interest.

\* \* \*

**Question:** What are the advantages of the automatic builder's risk form compared to the ordinary fire insurance coverage on a building in course of construction?

**Answer:** Under the ordinary form, an assured obtains only so much insurance as he requests from the time to time as the building progresses. The result is that he has no coverage for the increased values in the interim. To be on the safe side, some assureds anticipate the values to be added, and in such cases, for a time pay for more insurance than is necessary.

Under the automatic builder's risk form all of this is obviated. The policy is issued for one year and the amount is stated therein, "as per form attached." The premium is also stated in the policy "as per form attached." The form provides for the initial premium based on the initial amount reported of the value then at risk and indemnifies the assured up to the full contract price (the amount of which is stated in the form.) Once a month thereafter the assured is required to report the value then at risk and the policy is endorsed for the increase, in consideration of pro rata addi-

tional premium from a date half way between the dates of the last two reports of value to the expiration date of policy. In this way the assured has full protection during the progress of con-

struction up to and including the stated contract price. If the insurance is carried by more than one company, each company covers a certain percentage of 100 percent of the amounts.

## Rygel Gives Pointer on Coinsurance

With the John Wilson & Co. loss at Cincinnati as an object lesson, John Rygel, superintendent of agencies of the Hanover in the west, has written to field men calling their attention to the undesirability of specific insurance without coinsurance on a risk carrying also a general cover contract.

"We are enclosing copy of a statement of loss on the risk of John Wilson & Co. at Cincinnati," Mr. Rygel wrote, "which is an interesting review of the participation of specific insurance with 90 percent coinsurance clause on this risk, which also carried a general cover contract."

"In analyzing this statement you will note that the company carrying the specific insurance is not penalized although there is a general cover contract carrying with it the excess cover clause. The 90 percent coinsurance clause automatically protects the company in that the

liability applies only in such proportion as the amount of insurance carried under the specific policy bears to 90 percent of the values at the location at the time of loss, and the remaining part of the loss is automatically covered under the general cover contract.

"This calls to our attention, however, the undesirability of specific insurance without coinsurance on a risk carrying also a general cover contract. This specific insurance without coinsurance would pay all the loss up to the amount of the specific policies before the general cover contract would enter into the loss. Under no circumstances, therefore, should we accept a specific policy without coinsurance where a general cover contract is also carried, and every agent that is called upon and talked to regarding general cover contracts should be so informed, calling their attention to the undesirable feature of such coverage."

## Cease Operations U. & O. Permit Needed

The following communication is from a home office executive:

"I have read, with interest, the article entitled 'Inoperation Permit Not Required in U. & O. Form' and the reply to the effect a cease operation permit is not necessary because use and occupancy coverage is automatically inoperative when that condition exists. Permit me to repeat the question as I fail to follow the conclusions given and seriously doubt if those conclusions would apply in all cases.

"Question: If, for a period of four or five months, a manufacturing establishment is not actually engaged in the manufacture of its product and has no men engaged for that purpose, but if on the other hand it has on hand manufactured goods which during such period it is selling or seeking to sell, for the purpose of the standard fire insurance policy of Wisconsin, is the plant operative or inoperative and are inoperation permits requisite to maintain insurance in force?"

"Please note line 55 of the Wisconsin standard policy provides the policy shall be void if the plant 'ceases to be operated beyond a period of ten days' and not 'ceases to manufacture for a period of ten days.' I believe the shipping of finished goods is a part of the operations of a manufacturing plant and I question if either use and occupancy or straight fire coverage policies would require a cease operations permit provided that particular operation continued in the property covered by the policy.

"If a plant should entirely cease to operate for a period of four months but six months is required to replace the plant with the exercise of due diligence and dispatch, then it might be possible to show a use and occupancy loss for the remaining two months in which event there could be recovery under a use and occupancy policy even though the plant had ceased to operate

prior to the fire. It is also conceivable that a plant might continue operations at a greater loss than if it should cease to operate, in which event there could hardly be any use and occupancy recovery for the period that condition would have existed, had no fire occurred. I am therefore rather inclined to believe it is best to attach the cease operation permit to a use and occupancy policy when the ten day permit is exceeded, in the same manner as regular fire coverage.

"I am inclined to believe that if a seasonal use and occupancy form is used with coverage applying to eight months that the absence of any recovery for the remaining four months might be held as giving notice to the company of four months inoperation."

\* \* \*

Another executive contributes to the subject:

"I note the statement is made that under a U. & O. policy permit is not required where a manufacturing plant ceases operations.

"This statement seems to me to be incorrect. An insurance policy is a contract between the insuring company and the assured and whether or not a given thing is required in any given case is a question of interpretation of this contract.

"The only reason that permit to cease operations is required in any case is the provision in lines 11 to 14 inclusive of the standard policy reading as follows:

"This entire policy, unless otherwise provided by agreement indorsed hereon or added hereto, shall be void . . . if the subject of insurance be a manufacturing establishment and it be operated in whole or in part at night later than ten o'clock, or if it cease to be operated for more than ten consecutive days. . ."

"It seem to me that this clearly requires a permit to cease operation if for a longer period than ten days."



## STRENGTH IS SAFETY!

**T**HE lighthouse is a tower of safety—guiding seamen along a dangerous rock-bound coast throughout the night and day. It serves these sturdy men ceaselessly and is a factor of safety for their ships at all times. » Financial strength sufficient to withstand any storm is a factor of safety in a sound insurance company. » "The Home of New York", a strong and reputable company, has stood the test for over seventy-eight years by providing insurance protection of thorough dependability—never failing to adjust losses Dollar for Dollar and guiding their policyholders through the storm.

Cash Capital  
\$24,000,000.00

Net Surplus  
\$36,398,755.35  
(Accumulated over 78 years)

Surplus to Policyholders  
\$60,398,755.35

Additional Funds  
\$38,936,368.00  
(Pro Rata Unearned Premiums)

Reserved  
for miscellaneous accounts, taxes, dividends,  
and other obligations  
\$12,754,865.55

Assets  
Cash on hand, funds conservatively invested  
or current balances payable when due  
\$112,089,988.90

# THE HOME INSURANCE COMPANY NEW YORK

ORGANIZED 1853

59 MAIDEN LANE

WILFRED KURTH, President

Strength

« »

Reputation

« »

Service



# The National Underwriter

August 27, 1931

CASUALTY AND SURETY SECTION

Page Thirty-one

## Adopt Rules for Undesirable Risks

Companies Subscribe to Unusual Compensation Plan Proposed in Wisconsin

### SEMI-POOL IS COMPROMISE

Threat of Monopolistic State Fund Results in Scheme Embodying Some Disturbing Features

MILWAUKEE, Aug. 26.—Rules and regulations governing the writing of so-called "undesirable risks" have been drawn up by the governing committee of the Wisconsin Compensation Rating & Inspection Bureau and unanimously approved by members.

Members of the Wisconsin Compensation Insurance Board had indicated disapproval of the bureau's conclusions, insisting that a previous plan of bureau members was not in accord with the strict intent of the law. The present rules governing the insuring of risks are as required by Chapter 327 in the Wisconsin laws of 1931.

#### Substance of Rules

The rules provide that any risk that in good faith is entitled to insurance under the Wisconsin workmen's compensation law and which has been declined by three or more bureau members or presented to the bureau by the industrial commission, shall be insured in the following manner:

Application shall be made to the bureau by the employer on prescribed forms. The general manager of the bureau shall determine the initial premium based on rates containing a 38 percent expense loading, and upon payment thereof by certified check, money order or bank draft, shall designate a bureau member to carry the risk. The insurance shall be effective 12:01 a. m. on the day following receipt of the premium by the bureau.

The designated company shall be bound automatically by the general manager's action and shall "forthwith" issue a policy on the basis of the established rates and initial premium. Within ten days after notice of designation, the company shall advise the bureau whether it elects to carry the entire risk for its own account or have the risk distributed among all bureau members.

#### Consider "Service Facilities"

Rule 2 provides that in designating a member company the general manager shall furnish a copy of the employer's application, with all pertinent facts immediately available, pending detailed report within a reasonable time, provided it is requested.

Rule 3 states that in designating the bureau member to insure such risk, the general manager shall have "due regard

(CONTINUED ON PAGE 40)

## Hint Surety Law Program

Limitation of Commission Payment to Licensed Agents May Be Sought as Result of New York Hearing—Reserve Change Seen

By GEORGE A. WATSON

NEW YORK, Aug. 26.—Although no hint was obtainable from members of the sub-committee of the National Convention of Insurance Commissioners investigating conditions in fidelity and surety as to the nature of the report it will submit to the commissioners when they hold their annual convention in Portland next month, the impression exists that one result of the open hearings conducted by the committee here will be the recommendation of state legislation prohibiting under penalties the payment of commissions on either fidelity or surety business, to other than legitimate and duly licensed insurance agents; cutting off thereby the horde of grafters who have been "horning in" on the commission end to such extent as to reduce the net return to properly licensed representatives to negligible figures.

A further opinion generally held is that the sub-committee will advocate the adoption of standard reserves to be put up by all companies in order to guarantee the proper fulfillment of their contract obligations; the reserves to be predicated on rates, probably those computed by the Towner Rating Bureau, regardless as to what premiums may be charged by companies not observing the manual scale.

#### London Lloyds May Be Hit in Recommendation

A third expectation is that some plan will be submitted that will rid the business of the competition of London Lloyds, whose piratical activities are severely felt by home institutions.

The rules of the acquisition cost conference adopted five years ago were freely admitted to be impractical, and no serious effort has been made to bring about their enforcement. Within a short time, it was stated, an effort would be made to formulate a set of new regulations by company executives, these to be ready for offering at the December meeting of the National Convention of Insurance Commissioners in this city, with the earnest hope that the state officials will give them their sanction and aid in their application.

The recommendation of W. B. Joyce, chairman of the National Surety, that the National convention appoint a committee to make early investigation of the records of each fidelity and surety company in an endeavor to learn the extent, if any, to which rate-cutting, rebating or other practices detrimental to the wellbeing of the business are indulged in, was not regarded with general favor, the thought being that such procedure would create a distinctly harmful impression in the minds of the insuring public, and would aggravate an already tense situation.

The further idea of Mr. Joyce that the commissioners create a department to operate at the expense of surety companies in check continually on the

business, did not strike a responsive chord, the commissioners having no desire to interfere with the intimate management of the business, while company chiefs contended that any such plan would add to their already excessive cost of operations.

W. G. Wilson, of Cleveland, president of the National Association of Casualty & Surety Agents, recommended that states grant an agent's license for but one company in any particular line, and should the local representative surrender the connection without the consent of the company, he be forced to wait a full year before being eligible to take on other representation. Neither proposition seemed to attract the commissioners or managers, and it is unlikely will receive consideration in preparing the report to the National Convention.

#### Advice as to Evils Is Wanted by Inquisitors

At the initial session of the subcommittee, of which Former Commissioner D. C. Lewis of South Dakota is chairman, and H. P. Dunham, commissioner of Connecticut and Superintendent G. S. Van Schaick, of New York, the other members, and at the gathering the following day, the highly unsatisfactory situation in both fidelity and surety lines were portrayed by different company executives and several prominent general agents, who were present by special invitation. The investigating committee desires to learn everything possible as to the principal evils with which the business is plagued, and to get the views of home office and field men as to measures that would afford effective relief.

Rate-cutting, rebating, the activity of "interceptors" in demanding a share of agency commissions; failure to collect premiums for bid bonds, and the pernicious activity of London Lloyds were held to be the principal causes for precipitating a condition, admittedly far more serious in the business than has been known for years, and one which if not remedied speedily and radically, it is feared might imperil the solvency of some companies and cut into the surpluses of all.

Among company officials who spoke were: Mr. Joyce; E. M. Allen, president National Surety; C. R. Miller, president Fidelity & Deposit; R. Howard Bland, president United States Fidelity & Guaranty; A. Duncan Reid, president Globe Indemnity; A. R. Sexton, secretary Aetna Casualty; W. E. McKell, vice-president American Surety; J. S. Phillips, president Great American Indemnity; J. R. English, vice-president Standard Surety; K. R. Owen, vice-president Standard Accident; W. D. Dean, vice-president Southern Surety; Mike M. Moss, executive vice-president Union Indemnity; R. F. Proctor, vice-president Maryland Casualty, and G. H.

## Bankers' Blanket Bond Rate Boost

Heavy Tide of Losses Brings Increase of 10 Percent on Present Manual

### SEVERAL RULE CHANGES

Towner Bureau Takes Action as Result of Bad Experience Sustained on Incorporated Banks

An increase of 10 percent applied to the final rate on bankers' blanket bonds for incorporated banks has been promulgated by the Towner Rating Bureau, effective immediately on all new business and renewals. This includes bonds for title companies doing a general banking business, trust companies and safe deposit companies.

The 10 percent increase, however, is not applicable to the baby bond, form 2, Morris Plan companies and similar institutions, title companies not conducting a general banking business nor receiving deposits subject to check, savings banks, building and loan associations, investment banking houses or stock brokers.

#### Heavy Tide of Losses

The boost has been made necessary because of the continued increase in losses for several years. Particularly this year have the losses rolled in faster and faster.

Insuring clause D is applied on forms 8 and 8 (revised). On form 8 a charge of 30 cents per checking account is applied for check forgery, with a minimum premium of \$150, with or without deductible, and on form 8 (revised) the charge for check forgery goes up from 30 cents to 40 cents per checking account, with a minimum premium of \$250 with or without deductible. There is no change in the charge for the deductible rider applicable to check forgery.

The 10 percent increase on final premium applies to forms 1, 2 (with or without misplacement), 8 and 8 (revised).

#### Method of Computation

The correct premium is arrived at by computing the premium in accordance with the manual for head office, branches and chain banks, if any, and when the computation is complete, excluding the premium for check forgery, if any, the 10 percent factor is applied.

Reaney, president United States Guaranty.

Each in turn was interrogated as to his views by the committee, while H. W. Rudolph, secretary-general counsel Seaboard Surety, submitted a statement on behalf of his superior, President E. D.

(CONTINUED ON PAGE 38)

## Chicago General Agents in Report on Cost Control

### RECOMMENDATIONS ARE MADE

#### Ask Limitation of Branch Office Commission and Expense to General Agent's Top Commission

Written recommendations of the general agents committee of five appointed to ponder the proposed Chicago Casualty Acquisition Cost Control were made Tuesday to the executive committee of the Chicago Insurance Agents' Association.

One of the principal recommendations was that the Control recognize a 10 percent over-riding commission for general agents. The committee did not recommend advancing the top commissions, realizing especially as to workmen's compensation that this is out of the question. Instead, the committee recommended that steps be taken to eliminate payment of commissions to those who are not entitled to them.

#### Equality Recommendation

A recommendation which is likely to develop much controversy is that commissions paid by branch offices plus expenses incurred, including salaries, rent, etc., be no greater than the top commission allowed general agents. The committee contends that this formula is necessary in order to place general agents on an equality with branch offices.

Another recommendation was that so-called regional agents be strictly limited. Each company is allowed 21 regional agents in Illinois. The fiction is that these are agents, who, because of controlling a certain volume, are entitled to 2½ percent greater commission than the ordinary producer. But the regional agent system has been abused, some companies reported as having as many as 100 regional agents in Chicago.

The committee is also understood to have recommended that general agency appointments in Cook county be limited to two for each company.

In the mean time, the committee of branch managers appointed to study the Control project, has not been holding meetings. All the branch managers in Chicago have been supplied with the prospectus of the Control and have been invited to make criticisms and suggestions to the committee. The recommendations of the general agents' committee, as passed upon by the Chicago Insurance Agents' Association, will be taken up with the branch managers' committee and it is hoped that the deliberations of the two groups will produce a single set of recommendations to New York.

## Mortensen Seeks Uniform Auto Policy Under New Law

MADISON, Aug. 26.—Wisconsin's new financial responsibility law makes it necessary that all companies writing automobile casualty insurance in the state should have a uniform policy in caring for such risks, Commissioner Mortensen holds.

A conference of casualty representatives with Mr. Mortensen will be held Friday morning to discuss such a uniform policy.

So far, the companies have filed with the commissioner three methods of meeting the requirements of the new law. Under the law, any person convicted once of negligence while driving will have his license taken away until he can show financial responsibility. If a person has such a bad record that he is unable to obtain the insurance, or if he is unable to put up the necessary bond or collateral, then such person will be deprived of any right to drive on the highways for a period of three years.

## City of Toledo Deposit in Closed Bank Is \$1,700,000

The city of Toledo has \$1,700,000 on deposit in the Ohio State Savings Bank & Trust Co., one of the four major banking institutions in that city to close its doors last week. There were no city funds in the Commercial Guardian bank or the Commercial Savings bank.

The city was bonded up to \$2,250,000 on its funds in the Ohio Savings Bank & Trust Co., as follows: U. S. F. & G., Fidelity & Casualty, Standard Surety & Casualty, Standard Accident, London & Lancashire, Aetna Casualty, each \$200,000; Massachusetts Bonding, \$800,000; United States Guarantee, \$150,000; National Surety, \$100,000.

Lucas county had no deposits in the Ohio Savings Bank & Trust Co., but it did have \$150,000 in the American bank, \$100,000 of which was covered by a bond in the U. S. F. & G.

## Maryland's Responsibility Act Is Effective on Jan. 1

BALTIMORE, Aug. 26.—The Maryland automobile financial responsibility act, passed at the last session of the legislature, will become effective Jan. 1. It will make the immediate settlement of damages and the posting of a \$11,000 bond compulsory for Maryland motorists involved in accidents.

At present drivers' licenses may be revoked for only three offenses, conviction on a drunken driving charge, violation of a law resulting in a death, and leaving the scene of accident without disclosing one's identity.

The new law will make failure to settle damage claims within 30 days of the award of a judgment and failure to provide proof of the motorist's ability to pay damages up to \$1,000 on property and \$10,000 on persons, offenses punishable by the revocation of the driver's license.

The \$11,000 guaranty will be acceptable in the form of insurance, a surety bond or cash deposit with the state. This guaranty, according to the terms of the act, would be filed within 30 days after a judgment against a driver was issued or the driver's license would be suspended.

### Compensation Cost Deductible

Compensation premium payments may be deducted in income tax returns, the United States court of appeals in Philadelphia has decided in Jefferson Gas Coal Company vs. Commissioner of Internal Revenue. In 1921 the coal company paid \$2,429 in compensation premiums in accordance with the Pennsylvania law. This was treated by the tax board as money spent in the development of the capital asset and therefore not deductible as an ordinary and necessary expense in carrying on the business for that year.

The United States circuit court of appeals held that the compensation premium is a necessary annual expense imposed, as are taxes, by state statute, and as such adds nothing to the capital asset. In this respect it differs from labor.

### Tighten Up on Depository Bonds

Companies writing surety business are tightening up more than ever on depository bonds especially following the closing of four big banks in Toledo. This led to further solicitude as to banks in other cities. Applications for depository bonds are being turned down on what might seem to be excellent banks but evidently the underwriters are not taking any chances. Rates from this class were recently increased but even at that there is no desire on part of companies to take on extra commitment.

## Construction Begins Boom with Large Postoffice Job

### CONTRACT BOND OF \$7,000,000

#### Bartholomay-Darling Handles Risk Which Serves to Start Ball Rolling in Midwest

Construction in the central west is preparing to take a new lease on life in the allotting by the government of the contract on the great Chicago postoffice to John Griffiths & Son, Chicago contractor. The contract price for the main structure is \$13,459,570.

The Westinghouse Electric Elevator Company of Chicago was given the contract to install the elevator plant at a price of \$739,500. Mail handling equipment is to be installed by the Lamson Company of Syracuse, N. Y., for \$1,760,077. The total for all three contracts is \$15,959,547. Actual cost of construction of the building, plus the cost of site, will be close to \$22,000,000.

The contract bond of \$7,000,000 is being written on a co-surety basis and probably will be divided so that almost every company on the street gets a piece. It was handled by Bartholomay-Darling Company, Chicago. The premium is said to approximate \$224,000. This is said to be the largest contract bond ever written covering a government building.

A great deal of casualty and miscellaneous cover is involved in the job. The workmen's compensation line alone will be large as it is estimated some 14,000 men will be given work. Mr. Griffiths reports 4,500 will be employed on the main structure at the peak of construction and another 10,000 to 12,000 will be afforded work at plants furnishing the material.

The building will be 200 feet high, nine stories in the rear with 12 office stories on the Van Buren street front, which is the main facade. The building is to extend over the car tracks from Van Buren to Harrison street on the east side of Canal street.

#### Other Big Jobs Pending

There are a number of other large jobs in Chicago to be let in the near future, the total being at least \$10,000,000. The Cook county nurses' home this week was awarded the Mutual Construction Co. at \$1,495,000; another job is the settling tanks proposed by the sanitary district at an estimated cost of \$2,500,000. The south park commissioners have plans for interior trim and decorations for the industrial museum reconstructed from the classical old Fine Arts building of the Chicago world fair, the estimated cost of which is \$2,500,000. There is also the work on the outer link bridge, the superstructure on which alone it is estimated will run \$1,000,000. The American Employers last week got a contract bond for \$1,300,000.

Highway lettings at Springfield, Ill., a week ago totaled about \$1,000,000. Altogether it appears that construction after a long period in which practically no work has been done, and contractors have carried only skeleton staffs, is picking up and surety men may look for an ever increasing amount of business on contract bonds and workmen's compensation from this source.

### Police Bravery Recognized

NEW YORK, Aug. 26.—In appreciation of the bravery of the two policemen killed during the holdup by gangsters of the treasurer of the Mendoza Fur Dyeing Works here last Friday, the Royal Indemnity, which had a holdup and robbery policy covering the concern, not alone paid 10 percent of the payroll of \$4,600, which was recovered intact, to the police pension fund, but sent an additional \$500 to the widows of each of the slain officers.

## Prize by Standard Accident for Appointment of Agents

The Standard Accident appointed 30 direct reporting agents and 269 branch office agents from Sept. 1, 1930 to June 1, 1931 through the concentrated efforts of its salaried field agents, and through the extensive traveling of the members in the home office agency department.

At the beginning of 1931, the Standard Accident concluded a contest among the special agents, and awarded prizes to those who appointed the greatest number of carefully selected agents. William Thompson, special agent connected with the Detroit branch, won the national prize.

Members of the agency department under the supervision of Vice-president Paul M. Bowen recently made an extensive tour throughout the south, middle and northwestern states, not only for the purpose of appointing new agents, but also to survey the field from an underwriting and production basis.

## Private Driver Is Blamed for Rising Accident Toll

Increase in automobile accidents was blamed on private motor vehicle operators by S. D. Bryce, Jr., manager educational department National Automobile Chamber of Commerce, in his address during the safety series broadcast over the Travelers station WTIC. Taxicab operators reduced their 1929 record by 25 percent in 1930; bus drivers 19 percent and truck drivers 14 percent, according to Mr. Bryce. Private motorists increased their number of traffic accidents by 37 percent.

Mr. Bryce declared that commercial operators are learning the practical value of safety.

The Travelers is furthering the safety movement by starting a paid advertising campaign in more than 300 newspapers throughout the country. Copy is free from commercial appeal. The advertisements will be run for a month, preceding and following Labor Day, which has come to be a national holocaust.

### Plan New Cost Conference

LOS ANGELES, Aug. 26.—At a meeting here local casualty managers discussed the subject of casualty acquisition cost with R. E. Fay, Pacific Coast manager of the Century Indemnity, representing the casualty acquisition cost conference of northern California. The main topic considered was the preparation of rules and regulations for a casualty acquisition cost conference in southern California. Most of the managers present were in favor of the establishment of such a conference, provided the step is agreeable to all casualty companies operating in this field. Following this meeting the enrollment of companies has been undertaken, preparatory to further action along this line.

### Expect 10 Percent Boost

Commissioner C. F. Hobbs of Kansas is expected to announce this week a substantial increase in compensation rates and to deny, at least for the present, the application for an emergency rate increase asked by the companies. The amount of the increase was not indicated, although it will be substantial. However, it will be less than the companies asked, possibly 10 percent. Early this year companies filed a new schedule covering all risks and proposing an aggregate increase of 14.7 percent on the entire scale. Then two weeks ago the companies filed an emergency application asking for approximately 10 percent additional increase, bringing the total increases sought to 23.5 percent.



## "Cheap Insurance" Scored in H. P. Dunham's Address

### ADEQUATE RATES ESSENTIAL

Connecticut Commissioner at Aetna  
Convention Says Carriers Defying  
Economic Laws Can't Last

HARTFORD, Aug. 26.—The address of Commissioner H. P. Dunham of Connecticut at the opening session of the convention of the casualty and surety departments of the Aetna Life and affiliated companies here was of especial interest, in the light of the fact that he is a member of the sub-committee named by the National Convention of Insurance Commissioners to study conditions in the fidelity and surety fields, and to recommend measures looking to the elimination of the evils afflicting the business.

#### Doomed to Failure

Mr. Dunham in his address scored "cheap insurance," declaring it to be of the utmost importance that adequate rates be secured, and urging that agents, both in their own interest and in that of their clients, patronize reliable companies only and "turn a deaf ear to the siren call of institutions which offer excess commissions." Companies cutting rates, rebating or paying too high commissions, he asserted, "are flying in the face of all economic laws and are doomed to failure."

## Bank Robbery Losses Are Showing Substantial Drop

NEW YORK, Aug. 26.—Although casualty companies generally have made no money so far in 1931 on bank robbery business they concede a falling off in losses of late, and are encouraged to believe that by the end of the year the record will be such as to yield a profit that will partly offset the excessive claims in 1930.

Credit for the change in conditions is attributed in good part to the excellent work of the vigilante committees formed by bankers in a number of central western states, notably in Iowa, where the idea originated, and in Illinois. In the latter state these bank guardians managed to kill or capture fully 50 percent of the would-be robbers, a result highly discouraging to the underworld fraternity.

In New York City, despite the activity of gangsters, the property loss is not abnormal and continues to show the improvement which began with the police administration of Commissioner McLaughlin in 1924, followed by the successive administrations of Commissioners Warren, Whalen and Mulrooney.

However exercised, and properly, the citizens generally may be regarding the number of homicides occurring in the metropolis as a result of feuds between rival gangs, casualty underwriters have no complaint with the protection afforded property by the police force.

### Texas Ruling Held Up

The Texas department has notified the companies operating in that state that its ruling on the "wrecking and disablement" clause in accident policies, which was to become effective Sept. 1, will be withheld for further consideration and will not become effective at that time.

This action follows a hearing on the new ruling held in Austin last Thursday. Many of the Texas companies were represented at the hearing and Harold R. Gordon, executive secretary Health & Accident Underwriters Conference, appeared on behalf of the conference companies. Letters were also received from a number of companies, voicing their objections to the ruling.

## Casualty Companies' Half-Year Figures As Reported in Georgia

**National Casualty**—Assets, \$3,106,038; capital, \$750,000; surplus, \$825,045; reinsurance reserve, \$721,337; premium income, \$1,060,695; losses, \$561,033; total income, \$1,239,512; total disbursements, \$1,145,236.

**Hartford Accident**—Assets, \$45,315,912; capital, \$3,000,000; surplus, \$7,002,968; reinsurance reserve, \$14,296,849; premium income, \$15,369,796; losses, \$9,352,721; total income, \$16,188,285; total disbursements, \$15,019,440.

**Eagle Indemnity**—Assets, \$6,876,844; capital, \$1,000,000; surplus, \$912,312; reinsurance reserve, \$1,899,434; premium income, \$2,184,205; losses, \$1,118,754; total income, \$3,322,929; total disbursements, \$1,669,026.

**Employers Reinsurance**—Assets, \$8,160,818; capital, \$1,500,000; surplus, \$2,250,000; reinsurance reserve, \$1,549,975; premium income, \$2,931,961; losses, \$940,462; total income, \$2,202,219; total disbursements, \$2,037,722.

**Consolidated Indemnity**—Assets, \$6,387,513; capital, \$1,200,000; surplus, \$1,032,472; reinsurance reserve, \$138,200; premium income, \$2,217,425; losses, \$1,357,128; total income, \$2,320,014; total disbursements, \$2,576,561.

**Public Indemnity**—Assets, \$5,181,061; capital, \$760,000; surplus, \$803,083; reinsurance reserve, \$1,370,086; premium income, \$1,724,558; losses, \$936,950; total income, \$2,117,868; total disbursements, \$2,610,849.

**Fireman's Fund Indemnity**—Assets, \$4,392,790; capital, \$1,000,000; surplus, \$2,365,699; reinsurance reserve, \$742,128; premium income, \$983,629; losses, \$451,285; total income, \$1,017,147; total disbursements, \$438,178.

**Phoenix Indemnity**—Assets, \$4,578,314; capital, \$500,000; surplus, \$498,877; reinsurance reserve, \$1,625,847; premium income, \$1,739,939; losses, \$825,797; total income, \$1,820,993; total disbursements, \$1,608,830.

**Travelers Indemnity**—Assets, \$21,980,029; capital, \$3,000,000; surplus, \$4,904,691; reinsurance reserve, \$8,623,370; premium income, \$6,279,665; losses, \$2,554,179; total income, \$8,498,770; total disbursements, \$8,436,440.

**New Amsterdam Casualty**—Assets, \$25,999,672; capital, \$4,500,000; surplus, \$4,500,000; reinsurance reserve, \$6,598,621; premium income, \$7,840,635; losses, \$5,201,217; total income, \$8,498,770; total disbursements, \$8,436,440.

**London Guarantee**—Assets, \$15,930,443; statutory deposit, \$860,000; surplus, \$3,452,895; reinsurance reserve, \$3,940,257; premium income, \$4,539,675; losses, \$2,444,659; total income, \$4,922,897; total disbursements, \$4,806,035.

**Independence Indemnity**—Assets, \$8,510,625; capital, \$1,250,000; surplus, \$864,145; reinsurance reserve, \$471,026; premium income, \$959,098; losses, \$2,466,534; total income, \$1,109,902; total disbursements, \$3,291,195.

## Founder of Continental Casualty Dies in Toronto

C. H. Bunker, veteran accident official of the old days, who was president of the Metropolitan Accident of Chicago, died last week at the home of his son Gerald in Toronto at the age of 81. Mr. Bunker organized the Metropolitan Accident and built it up during the time when A. E. Forrest was developing the North American Accident and Thomas S. Quincey was at the head of the old Star Accident of Chicago. Mr. Bunker was the main factor in consolidating the Metropolitan Accident, the Northwestern Benevolent of Duluth, the Continental Assurance of Detroit and the Railway Officials & Employees of Indianapolis into the present Continental Casualty of Chicago. When he had completed this task he sold his interest to a syndicate headed by the late H. G. B. Alexander, who was the chief factor in the Indianapolis company. Mr. Bunker then got into another line of business. He has a daughter living in Chicago. Mrs. Manton Maverick, wife of the vice-president of the Continental Casualty.

**General Indemnity**—Assets, \$2,937,441; capital, \$1,000,000; surplus, \$407,000; reinsurance reserve, \$435,076; premium income, \$498,615; losses, \$146,845; total income, \$1,464,421; total disbursements, \$732,901.

**Preferred Accident**—Assets, \$10,544,382; capital, \$1,750,000; surplus, \$1,968,019; reinsurance reserve, \$2,885,757; premium income, \$3,234,166; losses, \$1,298,615; total income, \$5,213,392; total disbursements, \$2,968,654.

**Aero Indemnity**—Assets, \$2,140,928; capital, \$1,000,000; surplus, \$954,223; reinsurance reserve, \$81,354; premium income, \$48,113; losses, \$21,151; total income, \$98,960; total disbursements, \$88,313.

**Glens Falls Indemnity**—Assets, \$6,251,958; capital, \$1,000,000; surplus, \$600,000; contingent reserve, \$224,020; premium income, \$2,275,578; losses, \$1,234,704; total income, \$2,573,510; total disbursements, \$2,376,396.

**Century Indemnity**—Assets, \$1,250,000; capital, \$741,603; surplus, \$530,444; reinsurance reserve, \$2,734,215; premium income, \$2,969,627; losses, \$1,655,662; total disbursements, \$3,565,516.

**General Accident**—Assets, \$25,311,864; capital, \$550,000; surplus, \$4,825,709; reinsurance reserve, \$7,233,622; premium income, \$9,017,470; losses, \$5,833,011; total income, \$9,535,468; total disbursements, \$8,903,112.

**Massachusetts Bonding**—Assets, \$18,332,411; capital, \$4,000,000; surplus, \$4,000,275; reinsurance reserve, \$4,968,743; income, \$6,632,675; losses, \$3,668,054; total income, \$7,124,363; total disbursements, \$6,422,524.

**St. Paul-Mercury Indemnity**—Assets, \$3,876,444; capital, \$900,000; surplus, \$276,001; reinsurance reserve, \$1,334,635; premium income, \$1,716,657; losses, \$606,118; total income, \$1,984,092; total disbursements, \$1,253,140.

**American Mutual Liability**—Assets, \$21,836,785; surplus \$4,025,016; reinsurance reserve, \$4,575,165; premium income, \$6,120,373; losses, \$3,568,972; total income, \$6,765,854; total disbursements, \$7,296,664.

**Inter-Ocean Casualty**—Assets, \$743,198; capital, \$200,000; surplus, \$149,218; premium income, \$688,285; losses, \$396,652; total income, \$698,157; total disbursements, \$726,106.

**Export Indemnity**—Assets, \$1,176,209; capital, \$300,000; surplus, \$468,000; reinsurance reserve, none; income, \$49,865; losses, \$44,835; total income, \$158,074; total disbursements, \$184,943.

**Union Indemnity**—Assets, \$16,679,247; capital, \$1,000,000; surplus, \$1,000,000; reinsurance reserve, \$7,466,320; premium income, \$8,977,207; losses, \$3,908,110; total income, \$13,025,892; total disbursements, \$7,720,914.

## Greer Takes Plea for Rate Advance Under Advisement

MONTGOMERY, ALA., Aug. 26.—Declaring it a serious question that would be weighed carefully, Superintendent Greer heard and took under advisement the proposal of the National Council on Compensation Insurance for a flat advance of 6.7 percent in Alabama compensation rates. Stubborn resistance was offered by about 20 representatives of leading Alabama industries, headed by L. Sevier, Birmingham, who called the proposal unfair and unwarranted. W. F. Roeber, general manager National Council, appeared for the carriers. A decision is expected in the next few days.

### July Accidents Higher

July industrial accidents in Pennsylvania increased 9.9 percent over June, the state department of labor and industry announces. Before that there was a constant decline for three months, a record low being reached in June. The July total was the highest since January of this year.

## Globe Indemnity Moving Head Office to New York

### BUSINESS BUILT UP BY REID

Company Will Be Housed in the Royal  
Building at 150 Wil-  
liam St.

The home office of the Globe Indemnity, which has been located in its own building at Washington Park, Newark, N. J., will move Friday of this week to the Royal building at 150 William street, New York. The New Jersey department, including underwriting, claims, audit and inspection service, will be continued as heretofore in the old home office building with its present personnel. The metropolitan department of the Globe Indemnity will remain at 60 John street, New York City.

#### All in One Building

The Globe Indemnity erected its handsome home office building at Newark some years ago. At that time the Liverpool & London & Globe head office was located in the same building. Later the Liverpool moved to New York taking quarters in the Pershing Square building. The Royal erected its own building at 150 William street and a few months ago completed its addition so as to house all the Royal and Liverpool & London & Globe activities under one roof. This will concentrate therefore the various companies under the same financial management and will bring President A. Duncan Reid of the Globe Indemnity to New York City.

#### Reid Built Up Company

Just 20 years ago A. Duncan Reid resigned his connection with the Ocean Accident & Guarantee to assume the vice-presidency and general management of the then newly formed Globe Indemnity of New York, a subsidiary of the Liverpool & London & Globe. He became president upon the death of H. W. Eaton in 1919. Given carte blanche to create a home office and field staff Mr. Reid soon attracted as his chief aids a corps of men of exceptional capacity, giving each full power in his particular department and holding him responsible for results. The wisdom of this managerial policy has been demonstrated by the constant success of the Globe Indemnity which today ranks as one of the foremost casualty underwriting institutions of the land.

A thorough believer in organized effort Mr. Reid was primarily responsible for launching the Association of Casualty & Surety Executives, which he served as president for several successive years, and has likewise been chief officer of the International Association of Casualty & Surety Underwriters. His support of every forward looking movement in the insurance business can safely be counted upon.

### Safety in Advertising

C. E. Rickerd, advertising manager Standard Accident, has prepared a review of the work of the committee on safety and advertising of the Insurance Advertising Conference of which he is chairman. It was organized in 1929, and was fostered by Carl Crummett, American Mutual Liability.

The committee has attempted to get advertisers of machinery, particularly automobiles, to emphasize the idea of safety in their national advertising. Advertising agency executives were also appealed to.

This year, the committee has written to all manufacturers' organizations, national advertising and insurance trade magazines.

The number of advertisements stressing safety which have appeared proved the value of the work, according to Mr. Rickerd.

## Urges Accident Prevention Along With Rate Increase

### WOULD STUDY AUTO PROBLEM

Search for Cause Needed in Accident Field as Well as Revision of Methods, Earl C. Mills Asserts

While an increase in accident insurance rates as a result of the ever mounting automobile accident toll is inevitable, the companies should not stop at that, but should do everything in their power to help decrease the number of traffic accidents, Earl C. Mills, general counsel of the Iowa State Traveling Men's, told the Federation of Commercial Travelers Insurance Organizations at its annual meeting at Newcastle, N. H., this week. He declared that proper systems of education, enforcement of the laws and all other moves tending to remedy this situation should and must have the material support of the accident companies.

#### Praises Davis Proposal

He especially commended the proposal of Senator Davis of Pennsylvania, who has announced that he will seek an appropriation from Congress to carry on an educational campaign in this direction. He declared that this suggestion should be given active support, not merely through a formal endorsement, but by taking it up with the various congressmen and senators. To emphasize the seriousness of the situation, he quoted from statistics presented by Senator Davis, Commissioner Dunham of Connecticut, Dr. J. R. Neal, president last year of the Health & Accident Underwriters Conference, and W. H. Arnold, superintendent automobile department Century Indemnity.

#### Must Change with Times

"We are living in an age of speed, high-powered motors, hard surfaced roads, all inviting more speed, and more accidents and worse accidents," he said. "Times have changed and we must change with them or be left behind and be forgotten. Manuals must be changed. Policies, articles of incorporation, by-laws and rates must be made to conform to the present day situation for there is, by reason of these very changed conditions, more and not less need and demand for the protection we offer. We must, if we meet this need and supply this demand, know how to do it and yet prosper. We cannot do it unless we do

conform to the changed conditions of the times with relation to accidents and their increase.

"Of course, knowing the increased demand and need of this class of insurance, we might all sit back and say: 'Well, they must have the insurance, and we must have the money to pay the losses; therefore, there is just one thing to do and that is for all of us to raise the rates.' This is not the proper view to take. We should try to get at the cause of this thing and see if we can reduce the number of accidents instead of raising the rates to meet the increased number of accidents. All of this cannot be changed in a day by education or legislation or in a year or two years. Therefore, it will be necessary to raise the rates to meet the losses in the meantime, but it does seem to me that the proper attitude to take is to go after the cause of this thing as hard as we know how."

Mr. Mills also urged support for health conservation activities, quoting figures from Dr. L. I. Dublin of the Metropolitan Life, Senator Copeland of New York and the surgeon-general of the public health service, in regard to the immense economic loss from preventable illness. He praised especially the work of the National Institute of Health, created by Congress in 1930, and of other organizations of similar character, in reducing the toll taken by contagious and communicable diseases.

### Enforce New Wisconsin Law

Enforcement of drastic provisions of the new Wisconsin drivers' license law which provide that upon conviction of certain offenses the driver's license must be suspended until he provides proof of financial responsibility as against future accidents, is reported from Madison. The new law was invoked for the first time in Dane county, with a 60-day jail sentence for drunken driving and an order that the license plates be turned over to the secretary of state, to be redeemed only by proof of responsibility. Immediate surrender of driver's license and license plates of any motorist convicted of any of a long list of violations of the new traffic code, involving reckless driving, or any driver against whom a judgment is obtained in a civil action for negligence, is required by the Wisconsin law. A certificate for at least \$5,000 for injuries to or death of any one person and \$10,000 in total for the results of any one accident, is required, and at least \$1,000 protection for property damage. In lieu of an insurance policy a bond or collateral may be filed.

## Raise in Glaziers' Charges Brings Insurance Protest

### MEETING CALLED BY BUREAU

Chicago Club Sends Letters to Glass Companies, Asking Explanation of Increase

Indication that an increase in glass prices and setting charges is imminent prompted the plate glass governing committee of the National Bureau of Casualty & Surety Underwriters to call for a general meeting of all member companies writing plate glass. In Chicago, charges have been advanced 21 percent and the report is that similar increases are contemplated elsewhere.

At the meeting of the governing committee, presided over by William Leslie, a resolution was adopted stating: "A situation opposed to the interest of the plate glass insuring public has been created, we believe, by certain acts on the part of the plate glass dealers and glaziers which adversely affect the replacement cost of insured glass and has a tendency to increase the price of such insurance for the public. We believe it is our duty to our assureds to keep the insurance cost to the lowest possible figure."

The Casualty Insurance Club of Chicago has appointed a committee to investigate and protest the increase in charge for plate glass replacement. The club is informed that the increase will approximate about 25 percent on the smaller glass, 15 percent on medium and 10 percent on large. According to the club, this increase is contemplated despite the fact that there are no new prices at the mills.

The committee is addressing letters to the glass companies asking them to explain the increase.

The New York plate glass service bureau has been engaged for some weeks in an effort to secure from the glaziers of that city a schedule of replacement charges at least equal to that granted private corporations and individuals. Though the losses of the companies in greater New York run close to \$1,000,000 annually, for some reason the glaziers have always charged them a higher figure for replacements than is demanded of others.

#### GET REDUCTION IN NEW YORK

NEW YORK, Aug. 26.—Through the persistent efforts of Manager Mad-

den of the New York plate glass service bureau, a reduced schedule of prices has been secured from the glaziers of greater New York for light replacements made on behalf of insurance companies. The net result of this, it is figured, will be an annual saving to the carriers of approximately \$120,000, or more than enough to pay the entire cost of operating the bureau.

#### Hope for Better Figures

Not content with this result Mr. Madden is endeavoring to get still better figures from the glaziers, and is hopeful of his ability to do so. Although there has been no increase in the price of plate glass by manufacturers the dealers and glaziers of the country have recently advanced their replacement prices to the insurance companies about 25 percent in Chicago and 15 percent in Detroit, and are intending increases in other important centers. Underwriters are massing to combat the move, holding it wholly unwarranted and an injustice to assureds. The exorbitant charges of the glaziers for replacements is held accountable in considerable part for the falling off in plate glass premiums in recent years, despite the fact that within the same period use of the product, in mercantile and office buildings and in private residences has increased enormously.

## Liability Is Not Governed by Driver's License in N. H.

Out-of-state motorists operating automobiles in New Hampshire for more than 20 days without obtaining New Hampshire drivers' licenses, are not by that fact of itself rendered liable for civil damages resulting from accidents in which they may become involved, according to a ruling of the New Hampshire supreme court.

A verdict of \$6,000 was awarded in the Merimack county superior court to the plaintiff in the case of L'Esperance vs. Sherburne and was set aside by the supreme court on the ground that the trial court had erroneously instructed the jury. The judge had charged that if Sherburne, a citizen of Massachusetts, operated his car for more than 20 days in New Hampshire on a Massachusetts license, he was operating illegally and was consequently liable for damages, irrespective of negligence.

The supreme court held that out-of-state operators, properly licensed by their home authorities are competent under the New Hampshire statute and are permitted to operate in the state.

## Many Appealing Reasons

Can be given why men are coming with Income Guaranty. The outstanding features of our Accident and Health policies have a selling interest that immediately attracts attention. Likely prospects are pleased with Policies Starting First Day, that carry Life-time Coverage, that pay on Any Disease or Accident and are Non-Cancellable.

The fact that we take Male and Female Risks widens the field of prospects. Many women in business today are earning just as substantial incomes as men, are equally interested in Income Guaranty and buy its protection.

Then the large commissions, liberal renewals and our helpful prospect service all make this a good strong company to tie to.

Interested? Write Us Today.



# Income Guaranty Company

Capital Stock \$124,100.00 - Surplus to Policy Holders Over \$184,000.00

Legal Reserve Stock Company

Income Building —(Established 1917)— South Bend, Ind.

### OUR FEATURES

PROSPECT SERVICE  
FULL COVERAGE  
NON-CANCELLABLE  
MALE and FEMALE RISKS  
STARTS FIRST DAY  
Life Time Coverage  
Old Line Company  
Prompt Claim  
Payments  
Generous Contract  
Large Commissions  
Liberal Renewals  
Substantial Company  
Pays on Any Disease  
Pays on Any Accident  
Pays Special  
Indemnities

OUR TERRITORY  
PENNSYLVANIA  
CALIFORNIA  
MICHIGAN  
MISSOURI  
INDIANA  
ILLINOIS  
OHIO



# International Re-Insurance Corporation

(Casualty)

(Incorporated in Delaware)

## Balance Sheet—June 30, 1931

### ASSETS

CASH IN BANKS.....	\$1,042,136.80
PREMIUMS IN COURSE OF COLLECTION.....	1,397,770.96
ACCOUNTS RECEIVABLE .....	212,087.88
ACCRUED INTEREST RECEIVABLE.....	78,994.91
SECURITIES (at market):	
United States Government bonds.....\$	474,500.00
State and municipal bonds.....	843,676.97
Corporate stocks and bonds.....	4,407,258.00
Total securities .....	5,725,434.97
LOANS:	
Secured by collateral.....	283,856.80
Secured by real estate mortgages.....	1,006,200.00
Total loans .....	1,290,056.80
EQUITY IN HOME OFFICE BUILDING (represented by an undivided one-fourth interest in land and building of the book value of \$603,764.75, less company's portion of encumbrances, \$351,414.75) .....	252,350.00
TOTAL .....	\$9,998,832.32

### LIABILITIES

ACCRUED COMMISSIONS, TAXES, AND OTHER LIABILITIES .....	\$ 400,463.74
DIVIDENDS PAYABLE .....	150,000.00
RESERVES:	
Unearned premiums .....	\$2,559,705.74
Reserve for losses.....	2,546,618.15
Total reserves .....	5,106,323.89
CAPITAL STOCK AND SURPLUS:	
Capital stock—authorized, 300,000 shares of \$10.00 each; outstanding, 150,000 shares..	1,500,000.00
Surplus .....	2,842,044.69
Total capital stock and surplus.....	4,342,044.69
TOTAL .....	\$9,998,832.32

### CERTIFICATE

International Re-Insurance Corporation:

We have examined your accounts as of June 30, 1931; we have verified the loans and collateral held thereunder, the possession of the securities owned, and confirmed the cash balances by certification of the depositaries. The loss reserve appears to be conservatively stated, and

WE HEREBY CERTIFY that in our opinion the above balance sheet sets forth your financial condition at June 30, 1931.

Los Angeles,  
August 19, 1931.

HASKINS & SELLS

# International Re-Insurance Corporation

CARL M. HANSEN, President

### Home Office

Pacific Finance Building  
Los Angeles, California

84 William Street,  
New York, N. Y.

76 King William Street  
London, England

## AUTOMOBILE INSURANCE EXCLUSIVELY

*All Forms  
of Automobile  
Insurance written  
under one Policy*



*Real Claim Service  
Reasonable Rates  
Real Co-Operation*

If the "Suburban" is not already represented in your territory, it will pay you to get in touch with us.

**SUBURBAN AUTO  
INSURANCE CO.**

EDWIN F. DEICKE, Pres.

Lombard, Illinois

### Need for Collateral with Court Bond Cited by F. & D.

TEN YEAR LOSS RATIO 79

In Last Decade Baltimore Company  
Has Suffered \$725,385 Under-  
writing Loss on Class

Branch offices of the Fidelity & Deposit have been supplied with a chart showing the company's ten-year experience with court bonds, other than fiduciary, the average loss ratio on all lines for that period of 79 percent being emphasized as evidence to brokers and agents of the necessity for getting collateral in connection with all court bonds. Producers are often reluctant to seek collateral for their clients, feeling that the demand for it is purely arbitrary on the part of the surety.

"Here is the reason why we must require readily marketable collateral on compulsory court bonds," is the caption of the Fidelity & Deposit exhibit. "We have incurred an actual underwriting loss of \$725,385 in this class of business in the last ten years after giving effect to acquisition costs, management expenses, taxes, etc. In other words this business has cost us \$1.32 for every premium dollar received."

Following is the exhibit, showing premiums, losses incurred, and loss ratio on the various court bonds other than fiduciary:

	Premiums	Losses	Loss Ratio
Refunding .....	44,508	47,995	107.8
On appeals, writs of error, certiorari, stay executions and supersedeas .....	933,094	699,247	74.9
Discharge from arrest, recognition .....	6,573	5,711	86.9
Discharge from attachment, redelivery release garnishment forthcoming, restitution, release libel .....	330,596	503,923	152.4
Indemnity to sheriff .....	86,637	31,057	35.8
Discharge from abatement, injunction, preventive embargo .....	3,271	7,500	229.3
To pay judgment .....	7,169	6,152	85.8
Mechanics lien .....	112,377	159,647	142.1
To discharge from replevin, counter replevin .....	9,550	16,893	176.9
Stipulation for value .....	65,187	260,368	399.4
Steam railroads, Class A, under 500 miles .....	10	.....	.....
Steam railroads, Class B, 500 miles or over .....	1,274	2,065	119.8
Bail in civil proceedings, jail limits .....	1,110	237	21.4
Bail in criminal proceedings .....	658,837	67,257	10.2
Auto bail bonds, power of attorney .....	6,027	.....	.....
All others .....	160	.....	.....
Total .....	2,266,830	1,808,053	79.0

### Fisk With Cadillac Agency

Edwin K. Fisk, formerly Great American Indemnity Detroit branch manager, is now associated with the Cadillac Insurance Agency as vice-president. Mr. Fisk was at one time with the United States Fidelity & Guaranty as assistant Detroit manager.

### Haney Takes New Post

W. E. Haney has been appointed superintendent of the surety department of Edward Brown & Sons in San Francisco. He was until recently superintendent of agents for the Associated Indemnity. Prior to that he was manager of the Oakland office of the Union Indemnity.

R. L. Brandegee, formerly with the Newark and New York offices of the Hartford Accident, has become associated with the brokerage firm of Charles E. Mitchell & Co., New York City. He is well known in casualty circles.

## CHANGES IN CASUALTY FIELD

### Michigan Field Is Revamped

**Fidelity & Casualty Establishes Grand Rapids Service Department—Discontinues Two Offices**

The Fidelity & Casualty has discontinued its one-man service offices at Lansing and Kalamazoo, Mich. A new service department has been established at 810 Grand Rapids Savings Bank, Grand Rapids, under the supervision of H. L. W. Bowles, assistant resident manager. Associated with Mr. Bowles will be Robert Brown in the bond division and John A. Rogers and Paul Trout as special agents. W. A. Kellogg will be resident inspector.

#### Grand Rapids Office

The Grand Rapids office will act purely as a service office and will solicit no local brokerage or counter business, which will be handled as formerly through Decker, Davies & Jean.

The Detroit office, under George J. Lieber, resident manager, has complete jurisdiction over Michigan, as formerly, but will service only the eastern part of the state under the present arrangement.

Chaddock, Winter, Mulder & Alberts have been appointed exclusive general agents by the Fidelity & Casualty in Muskegon county, Mich.

### Kessler Resigns as Coast Manager for U. S. Casualty

J. P. Kessler has resigned as Pacific Coast manager of the United States Casualty. The office has been placed temporarily in charge of D. W. Coakley,

for the past year manager of the bond department on the coast. It is understood that although the company will confine its coast business mainly to fidelity and surety lines, it will not completely discontinue casualty lines. Mr. Kessler was with the Employers Liability at San Francisco from 1914 to 1927, when he became Pacific Coast manager of the Constitution Indemnity, being appointed Pacific Coast manager of the United States Casualty a year ago. His plans for the future are indefinite.

### Bliss Takes Chicago Post

O. M. Bliss, formerly Kansas City branch cashier for the Maryland Casualty, has been promoted to office manager of the Chicago branch. He is succeeded by Paul Miller, formerly with R. B. Jones & Sons.

## Workmen's Compensation

### To Hold Hearing in Texas

**Chairman Tarver of State Board Heeds Complaints Against Carriers Affiliated with Oil Companies**

DALLAS, Aug. 26.—Continued operation of three companies alleged to have been formed by large oil companies to write workmen's compensation on their employees will be discussed at a state hearing to be held in Dallas soon. W. A. Tarver, chairman insurance commission, stated that the subject may come up at the hearing on application for re-

## The NEW JOHN HANCOCK PLAN for maintaining the FAMILY INCOME

**ALWAYS** the main purpose of the life insurance policy has been to protect dependents—usually wife and children. When the children reach the period of self-support, a part of the protection is not so necessary; but it is necessary during the period of greatest dependency.

Many insurance plans have been devised for taking care of children during such years, especially to provide means for completing their education, at least through high school; generally through college.

Recently the demand for a secured monthly income during this dependency period, in addition to the essential clean-up fund, has grown to an extent requiring special arrangements. To meet this demand and simplify the plan, the John Hancock Mutual Life Insurance Company offers its *Family Income Provision* attached to new and existing policies in the form of a rider.

Many investment and life insurance programs have been interrupted or changed by economic conditions; but individual and family responsibility is just as great, if not greater, than ever. Recognizing these facts, we offer this opportunity to have the effectiveness of existing insurance materially increased for the dependency period at moderate cost.

*John Hancock*  
MUTUAL  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

For those who may be interested in details, our pamphlet, "Income for the Family" will be furnished on application. Address John Hancock Inquiry Bureau, 197 Clarendon Street, Boston, Mass.



newals of license, under the new law, under which no persons not principally engaged in selling insurance shall be licensed. Protests have been made about activities of the three casualty companies, the Gulf Casualty, reported to be connected with the Gulf Oil Company; Petroleum Casualty, an affiliate, it is said, of the Humble Oil & Refining Company, and the Safety Casualty, connected with the Magnolia Petroleum Company. Representatives of other compensation carriers say that these three companies violate the spirit if not the letter of the Texas compensation law. Chairman Tarver stated that if this is so the companies' licenses will not be received.

One of the charges that he investigated is that these companies are doing nothing more than writing compensation on their own employees and they were organized for the purpose of saving premiums. The complainants declare if these subsidiaries of oil concerns can write their own compensation cover under Texas law, then any and all other concerns could do the same thing, and not only that, but they also could form subsidiaries to write other lines for their employees.

### Increases on 21 Classes in West Virginia Fund

Lee Ott, West Virginia compensation commissioner, has ordered increases in rates charged 21 industrial classifications

by the West Virginia fund. Rates were reduced on 15 classes and left unchanged on 56.

Mr. Ott explained that increases were necessary to set up a 10 percent surplus in the compensation fund to take care of catastrophes. He said that there was no deficit in the fund.

The payrolls of coal companies which are subscribers to the fund, Mr. Ott declared, have decreased steadily the last five years. For the fiscal year ended June 30, 1927, the coal industry's payrolls totaled \$176,000,000. For the fiscal year ended June 30, 1931, they totaled \$97,000,000.

Mr. Ott said that when mines are operated steadily the cost to the state fund of accidents is less because those injured take less time off. When work is slack, the injured remain away from work for longer periods. The base rate for coal mining was increased from \$2.50 per \$100 of payroll to \$3.

In each case where increases in the base rate have been ordered the minimum rate has been decreased and the maximum has been raised. Those employers who have few accidents will pay less under the new schedule, he said, while those whose accidents are more numerous will pay a correspondingly larger amount.

### Wisconsin Bureau Outing

The Wisconsin Compensation Rating & Inspecting Bureau held its annual outing Aug. 21. Representatives of several Milwaukee agencies attended, in addition to the office staff.

## NEWS OF THE COMPANIES

### Retires From Surety Field

#### Bankers Indemnity Will Concentrate More Effectively on the Various Casualty Lines

The Bankers Indemnity of Newark is retiring from the surety field. It finds that it can concentrate more effectively on the various casualty lines. Its surety business has been small. Last year its premiums were \$74,800 after the new management had trimmed out the brushwood rather drastically. Its premiums in 1929 on surety were \$187,599. Its experience in the surety field has not at all been encouraging and the management found that the outlook was such as to forestall any immediate progress in this line. Vice-president R. Earl Matthews is in charge of the surety department. He started in 1902 with the U. S. Fidelity & Guaranty and has been with the Fidelity & Deposit, Maryland Casualty and Hartford Accident.

### Coast Company Limits Writings

The Pacific Employers announces that hereafter it will confine most of its writings to southern California, particularly for automobile insurance. It will limit its compensation writings in northern California to participating policies and to the larger risks. Non-participating compensation writings will be greatly restricted. It will practically cease writing small compensation lines.

### Income Tax Refund Ordered

WASHINGTON, Aug. 26.—An over-assessment of \$61,811 in income tax for 1926, with interest of \$11,617 has been ordered refunded to the Allied Mutuals Liability of New York by the commissioners of internal revenue.

### Atlas Casualty Liquidating

The reinsurance agreements between the Atlas Casualty of Fort Wayne, Ind., Public Fire and Public Indemnity have been approved and the Atlas Casualty now retires entirely from the field.

### Figures of International

#### Semi-annual Statement Shows Company to Be in Splendid Shape and Well Ballasted

Under the vigorous administration of President C. M. Hansen, the International Reinsurance continued to progress the first six months, despite the generally unfavorable conditions in the economic and underwriting fields. Its balance sheet shows assets June 30 in excess of \$9,998,832, an increase of \$871,251 since the beginning of the year. After setting aside \$400,464 for accrued commissions, taxes and other liabilities; \$150,000 for dividends to stockholders and reserves of \$2,559,706 for unearned premiums, and an additional \$2,546,618 for the settlement of losses, the International at the close of the first half possessed a policyholders surplus of \$4,342,045, of which \$1,500,000 was capital and the balance clear surplus. In certifying to the correctness of the figures, Haskins & Sells, accountants, say the "loss reserves appear to be conservatively stated." Branch offices are maintained in New York City and in London, Eng., attesting the broad field of the International's operations, and the aggressiveness and ability of its management.

### Pacific Indemnity's Showing

The Pacific Indemnity reports gross writings the first six months of \$3,037,883, a decrease of \$644,240.02, or 17.5 percent. The reduction was principally on lines where no quota reinsurance was carried. Net writings after deducting reinsurance were \$1,934,567, against \$2,476,642 for 1930, a reduction of 21.8 percent.

Although losses were above the average, there was an increase in surplus from operations of \$49,713 after providing for dividends of \$105,000. The loss ratio on an earned premium basis was 54.16 percent, against the exceptionally favorable one of 44.78 last year. The expense ratio was reduced from 46.49 to 45.53 percent.

## UNDERWRITERS CASUALTY COMPANY

Desirable Territory Available

WISCONSIN  
MISSOURI  
ILLINOIS  
CALIFORNIA  
INDIANA  
IOWA

Home Office  
WISCONSIN at ELEVENTH  
MILWAUKEE

A FULL coverage  
automobile com-  
pany equipped to  
render real service to  
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## FIDELITY AND SURETY NEWS

### Highway Work Is Booming

**Contracts for 6,127 Miles of Road in 38 States Are Reported Let in July**

Highway construction bonds were stimulated by the letting of highway construction contracts for 6,127 miles of road at contract price of \$77,153,554, in 38 states in July. The figures were given by W. C. Markham, secretary American Association of Highway Officials, in an estimate contained in a report to the president's emergency committee for employment. This gives work for some 325,000 workers, he said. July reports show that highway contracts are continuing strong, even beyond the mid-year, he stated.

The federal emergency loan of \$80,000,000 already has been absorbed in contracts and the contracts made by

states in July are irrespective of that fund. It is said that work on roads will continue late in the fall and that men will be kept actively at work as long as weather permits.

### Stucky with M. & S. Agency

NEWARK, Aug. 26.—W. Eugene Roesch, president of the M. & S. Agency of Newark, announces that F. W. Stucky, formerly vice-president of the Liberty Surety Bond, has been appointed manager of the civil bond department, specializing in fidelity and contract bonds, effective Sept. 1. Previous to joining the Liberty Surety, he was for 12 years manager of the Newark branch office of the National Surety.

C. H. Verschoyle has been appointed manager for Texas for the M. & S. Agency. He was with the National Surety in Texas and has been in the insurance field for a number of years.

also will confer with A. L. Merritt, Pacific Coast manager America Fore companies, and C. V. Cornell, Pacific Coast manager Fidelity & Casualty.

Dr. Herbert J. Stack, supervisor of child safety activities of the National Bureau of Casualty & Surety Underwriters, was a guest speaker at the University of Chattanooga, Chattanooga, Tenn., last week.

### Hint Surety Law Program at Commissioners' Hearing (CONTINUED FROM PAGE 31)

Livingston, who was unable to attend because of illness.

### Burras, Bennett Tell of State of Agency Field

C. H. Burras, president Joyce & Co., Chicago, told of agency conditions in his home city. The attitude of local organized agents toward the general subject was outlined briefly by W. H. Bennett, secretary National Association of Insurance Agents.

In calling the meeting to order Chairman Lewis told of its purpose as follows:

"This sub-committee was appointed to hold hearings, to make some investigation of the situation, to consider the answers to the questionnaire sent out. The first hearing is today. From the viewpoint of the insurance departments there seems to be a serious situation in the fidelity and surety field. Fidelity and surety business touches the governmental divisions and sub-divisions more closely than any other branch of the insurance business. We have to recognize that a very serious business situation has existed in the past few years, and that certain practices of companies writing fidelity and surety business have done a lot to bring about that situation.

### Company Failure Would Spur State Supervision

"It is my opinion that a great deal of the remedy lies with the companies themselves, but unless the companies generally meet this situation and meet it bravely, you will certainly see a tightening of insurance supervision which you men in the business will not like. It will take the failure of but a few companies to start a wave of extreme supervision all over the United States.

"This committee is here without any preconceived ideas or conclusions. We are here to help, if we can, and we believe the insurance commissioners of the country can help the fidelity and surety business. We are hopeful that from this hearing there will come some suggestions for the commissioners at Portland which may aid the companies in stopping some of the abuses of the business. We are also hopeful of making some suggestions to the National convention which may tend to put a little pressure on the companies, if

necessary, in order to remedy the situation."

After Col. F. R. Stoddard, as arbitrator for surety companies, told of conditions as he found them in various sections of the country, notably in New York, Chicago and Philadelphia, R. R. Gilkey, secretary Surety Association of America, voiced the opinion that judging from the number of complaints filed with his office, rebating was not nearly so prevalent as formerly, though conceding that the practice doubtless still obtained to a considerable degree, agents being loath to file formal charges of alleged wrong doing on the part of competitors through fear of incurring the ill will of present or prospective clients.

### Towner Tells About How His Bureau Operates

The basis on which his organization makes both fidelity and surety rates was recited by R. H. Towner, head of the Towner Rating Bureau, to which service the great majority of the companies of the country are subscribers and whose rates they are supposed to charge.

The serious plight in which the underwriting companies now find themselves was attributed by Mr. Allen largely to the great influx of new organizations into the field during recent years, each eager to get premium volume and many willing to cut rates and pay excess commissions or make other concessions in order to attain the desired goal.

In 1919, Mr. Allen said, there were but 24 companies qualified to write fidelity and surety bonds by the United States Treasury Department, their combined premiums for the year being \$42,103,856. By 1930 the number of companies had increased to 86, although the aggregate premium income for the year was scarcely twice what it was 11 years earlier. Throughout the period, Mr. Allen said, there was no material increase in number of local agents, which meant that later companies raided forces of older established offices and on various pretexts gained their adherence.

### Free Lancers Demoralize Writings in Big Cities

While admitting that rate-cutting companies collected but 5 percent of the total premiums of the country last year, Mr. Allen held this did not tell the whole story, in that the competition of free lance companies, which is growing rapidly, is concentrated in larger centers and is breaking down the morale of the entire agency force, as well as of assureds.

The latter, notably in the contract bond line, which contributes at least a third of the total premium income of surety offices, once they get a taste of cut rates refuse to pay standard figures, though long experience has demonstrated the imperative need for collecting manual rates to fulfill bond obligations.

The latent liability that exists under many forms of coverage was held by Mr. Allen as an essential reason why proper rates and adequate reserves must be maintained. He as well as Mr.

## ACCIDENT AND HEALTH FIELD

### Beacon Mutual Gets License

**New Chicago Company Formed by T. L. Kopelman to Write Eye-sight Insurance**

The Beacon Mutual Casualty of Chicago, which is being organized to write eye-sight insurance, has received an Illinois license, having complied with the new law of that state requiring a deposit of \$10,000 from mutual casualty companies. T. L. Kopelman, who for nine years was vice-president of the Chicago National Life, is the principal factor in the Beacon Mutual Casualty and he holds the title of treasurer. He is now in process of completing the personnel of the company. Offices are at 333 North Michigan avenue.

Policies will be issued to ages 10-55. The premium is \$2 for the first year and \$1 for every year thereafter.

For loss of sight of both eyes by accidental injury or disease, the policies pay scaled benefits from \$1,500 during the first policy year to \$10,000 during the seventh policy year and thereafter. Loss of sight of one eye by disease pays benefits ranging from \$250 for the first year up to \$1,000 for the seventh year and thereafter. Loss of sight of one eye by accidental injury pays \$250 during the first policy year and \$500 during the second year and thereafter.

The Beacon Mutual Casualty reserves the right to require a surgical operation. If the operation is unsuccessful, the cost of the operation up to \$200 will be deducted from the benefit. Free biennial examinations are provided for policy-

holders. A number of ophthalmologists, distributed throughout Chicago and Illinois, are being retained to give service.

### Henshall Succeeds Blevins

Dr. J. W. Johnson, president of the Interstate Life & Accident of Chattanooga, announces that G. K. Henshall has been appointed manager of agencies to succeed J. W. Blevins, who resigned recently. Mr. Henshall has been assistant manager of agencies.

## PERSONALS

I. E. Fiery, Cook county manager for the Royal Indemnity, was host at one of the first office openings of the season, his department being quartered in new space at A-1854 Insurance Exchange. Mr. Fiery was assisted by John F. Daley of the bond department and special agent C. W. Agnew. Attending were a good crowd of branch office executives, general agents and brokers.

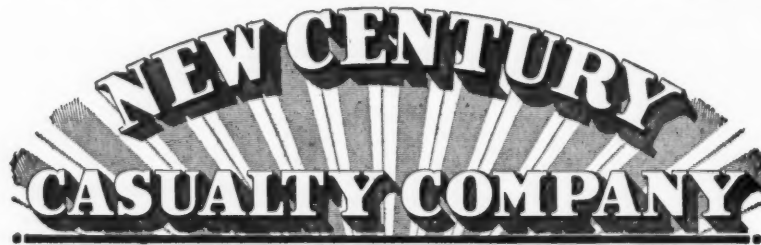
W. Eugene Roesch, president of the M. & S. Agency of Newark, has returned from an extensive trip to the Pacific Coast and western states.

G. J. Lieber, Michigan resident manager Fidelity & Casualty, will leave Sept. 15 for a trip to the Pacific Coast, where he will be one of the speakers at the annual convention of the National Association of Insurance Agents, and

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Joyce and other speakers drove this truth home to the commissioners, declaring it the duty of the states to compel the setting up of adequate reserves by all carriers, these to be based on rates scientifically computed and not devised by rule of thumb.

#### Difficult to Change the Rate of Reserve

One difficulty in compelling companies to change the present rate of reserve, it was recognized, is that the laws of a number of states simply require that 50 percent of the annual premium be set aside, and any alteration in the existing method would have to be through statutory amendments.

Acquisition cost, it was held, is inseparably linked with the matter of rates and rebating, and top costs must be fixed before any effective reform can be hoped for. The attempt of the companies to formulate workable rules having proven abortive, the aid of the commissioners was earnestly counseled. Mr. Allen laid down as a premise that in the interest of the insuring public rates charged by the surety companies must be adequate, the cost of conducting the business reasonable and underwriting practice along sane lines.

To bring about these conditions Mr. Allen proposed that a new series of rules be drafted with 20 percent as the basic commission, additional compensation being allowed general agents supervising territories.

#### Miller, Bland Criticize Acquisition Cost Rules

Mr. Miller and Mr. Bland were outspoken in their opposition to the rules formulated by the acquisition cost conference years ago. They asserted that their companies in observing the rules had lost hundreds of capable field representatives, whose acquisition and education had cost several hundred thousand dollars. It was idle to expect, both officials asserted, that any corporation would stand by and see its agency force raided by newcomers, and in the formulation of any set of regulations such condition would have to be recognized.

Mr. Miller further asserted that his company and the United States Fidelity & Guaranty, write more than the combined premiums of 43 of the 58 companies composing the conference membership and yet in the consideration of questions under review each office has but one vote.

The primary motive in forming the acquisition cost conference Mr. Miller stated, was to limit field costs. The desired result had not been obtained thus far. While he would steadfastly insist on preservation of his agency organization, President Miller said, he was willing to join whole heartedly in any fair scheme that would be devised to reduce acquisition costs.

Mr. Bland said he would favor any organization, if such procedure were found to be legal, that would forbid any company stealing the agents of another.

President Reid of the Globe Indemnity would oppose any plan that did not place commission allowances to general agency companies on a parity with branch office organizations. He stated that because of the greater latitude allowed the latter under existing practice his company had suffered severely.

Mr. Reid was insistent on elimination of grafters from the insurance business.

It developed from his remarks and those of others, that it is a common practice in the bonding of contracts for public work for governing officials and attaches of different grades to insist upon a split of commissions with agents. Mr. Burras gave a number of concrete cases, while Mr. Bennett recalled the pressure to which the agent placing a large contract bond in California some years ago was subjected, when after running the gamut of the hand-holders, his earned commission of \$35,000 had dwindled to \$2,500 and he considered himself fortunate in retaining that. Parasites of this type were characterized by Mr. Burras as being "interceptors."

Another phase of the business held to be iniquitous was the distributing of free bid bonds to contractors bidding or intending to bid on public work. The premium charge for bonds of this type is either \$5 or \$10, according to the character of the work. While some agents collect the fee, the great majority apparently do not. Some means of compelling collection of the charge was recommended by different company heads.

The high cost of doing business was held responsible for rebating, and the commissioners, Mr. Joyce asserted, should insist expenses be kept within proper limits, taking cognizance not only of commissions but of other allowances made upon one pretext or another, all adding to the cost of handling risks.

#### Activities of London Lloyds Are Pernicious

Though the commissioners seemed to question their ability to check the activities of London Lloyds, Mr. Joyce contended this had been effectively done in Michigan by Commissioner Livingston, and what had been accomplished in that state could be done in others. These individual underwriting concerns, it was pointed out, pay no taxes in this country, employ no workers here and contribute nothing to the support of the states, though each year they manage to bag thousands of dollars in premiums that would otherwise be obtained by law observing companies.

Mr. Moss, for the Union Indemnity, took exception to the suggestions advanced at the different sessions that representatives of the half dozen or more big premium-writing companies get together and formulate rules for the government of field activities generally, declaring that his company would insist upon being party to the preparation of any agreement by which it was to be bound.

As head of a non-affiliated company, President Livingston of the Seaboard Surety declared that the companies were in considerable measure to blame for the plight in which they now find themselves, asserting that there had been laxity in underwriting in many offices.

#### Questionnaire Replies Are Not Brought Out

While the committee had before it the substance of the replies received by the New York department to its questionnaire calling on all companies operating in that state to recite the extent to which they were observing the rules of the acquisition cost conference, the data was not referred to, probably because it was incomplete. It is understood that the department is prosecuting

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ing its inquiry, and that the material will be in shape in time for use by the committee prior to presentation of its report to the national convention.

J. J. Magrath, chief of the rating bureau of the New York department, who has been in close touch with the fidelity and surety situation, has since been designated secretary of the committee and will attend the commissioners' convention at Portland.

During 1930 net fidelity premiums written by the stock companies of the country totaled \$45,598,993, while net

Thoroughly experienced casualty claim department manager (attorney) wants position; prefer Northwest. Home office, field or traveling acceptable if good future. Address **U-8**, The National Underwriter.

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Desires to make a change. 12 years as adjuster, superintendent and field claim supervisor. Newly organized company preferred. Full statement of qualifications upon request. Address **U-10**, The National Underwriter.

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surety premiums aggregated \$55,001,456, the former being an increase of \$2,610,039 over the figures for the previous year, while surety premiums fell off \$2,357,916, reducing to \$252,123 the gain in the 12 months from the combined lines. As a counter to the premium increase, however, loss ratio on fidelity business in 1930 was 7.2 percent greater than in 1929, while the surety loss ratio jumped 23.8 percent.

#### Fidelity Increase Due to Many Defalcations

The increase in fidelity premiums was unquestionably the result of numerous bank and business house defalcations disclosed by the crash in the financial market late in 1929, which likewise accounted in good part for the increased losses paid by bonding companies.

The loss of income on surety business may be attributed to the sharp falling off in building operations, obviating to that extent the demand for contract suretyship. The rise in the loss ratio in the surety line may be assigned to the heavy claims under depository bonds, a record that is likely to be surpassed in 1931.

The rules adopted by the fidelity and surety acquisition cost conference at the time of its formation in 1926 provided for the following named classes of agents in all territory outside Greater New York:

1. General agents, which for the purpose of these rules shall embrace branch offices.
2. District agents.
3. Producers, embracing office agents, local agents, agents, soliciting attorneys and brokers.

It was stipulated that each company be limited to the number of general agents or branch offices it might have in a state, and the same regulation held with respect to district agents, the number of permissible agencies or branch offices ranging as to each state from two in such small premium-producing states as Arizona to 11 each in Massachusetts, New York (not to include New York City), and Pennsylvania. Illinois was allowed six.

Aside from Greater New York, the rules were never put into operation, some of the foremost signatory companies declining to support them. In this city, however, which it is estimated produces not less than 25 percent of the total surety business of the country, the regulations worked admirably, and if a series of rules modified as to the needs of different conditions elsewhere could be determined on and faithfully adhered to, there would be no complaint on the part of company officials, local representatives or the insuring public.

#### Adopt Rules for Undesirable Risks

(CONTINUED FROM PAGE 31)

for the service facilities and compensation premium volume in Wisconsin of the designated member." Grievances

will be reviewed by the rating committee and adjustments made if circumstances justify.

The fourth rule states that immediately on receiving notice of election by the designated company to have the risk distributed among all bureau members, the general manager shall notify all members and furnish all available information concerning the risk. "Any member at any time may write any such risk as regular business, in which event, the designated company shall cancel its policy pro-rata." The rule goes on:

#### Has Automatic Provision

"Sixty days prior to expiration date, the general manager shall again bulletin to all bureau members information based upon an investigation of each such risk and shall promulgate rates for renewal. Unless the risk is written by some member as regular business, the risk, upon expiration, shall be automatically handled under these rules and assigned to some designated member by the general manager."

Rule 5 requires that all pooled risks terminate as of midnight Dec. 31, 1931, and subsequently all policies so written shall provide for termination or anniversary date as of midnight Dec. 31, following.

Rule 6 states that if, after issuance of a policy it develops the employer may not be entitled to compensation insurance under the rules, the member which issued shall have right to cancel "provided such action be approved by the industrial commission."

Rule 7 states that on or before Feb. 1 of each year, each carrier shall report to the bureau total earned premiums and losses paid and outstanding during the preceding calendar year on risks which it has elected to have distributed among bureau members, accounting for premiums and losses according to the year in which the policy was issued, such year ending Dec. 31.

#### Rule on Apportionment

The general manager shall apportion 62 percent of the earned premiums and all paid and outstanding losses among members according to distribution of premium writings during the calendar year preceding the one in which the respective policies were written. After apportionment, the bureau will adjust premiums and losses of each member.

The general manager in rule 8 is empowered and authorized to audit the records of any carrier as respects transactions relating to any risk assigned under the rules, to prepare rules governing, and forms providing for, the reporting of premiums and losses for risks coming within the provisions of these rules which shall be subject to the approval of the rating committee.

The governing committee, which is headed by W. H. Burhop, Employers Mutual Liability, Wausau, Wis., shall appoint a claims committee of two stock companies and two non-stock companies whose duty it shall be to advise, when

requested, or upon its own initiative in adjusting all claims on such risks distributed among bureau members.

#### SEVERAL DANGEROUS FACTORS

The conference stock companies favored the "Minnesota" plan but the non-stock carriers urged a pool. The new rules are in the nature of a compromise in which individual companies to whom risks are assigned may elect not to carry all of them, but in any event must carry a part under the pool plan. The general manager of the inspection bureau is empowered to collect the first premium and all companies are compelled to subscribe to the plan.

In negotiations it was made clear that the conference stock companies prefer to be free to accept assigned risks as regular business rather than in a pool.

#### Gives Power to Manager

Some representatives of stock companies see in rule 3 several dangerous factors. They say it gives a great deal of power to the bureau general manager, who in an extreme case might assign to a company a risk at a distant point where the company has no service facilities and where any attempt to give service possibly would cost many times more than the premium gained. The rule provides for such grievances to be reviewed and adjusted by the rating committee. The rules, however, offer the possibility that a company out of favor with the manager might find only the most objectionable risks assigned to it.

Rule 5 is a change from present practice, apparently designed to facilitate the work of the bureau by making all risks expire with the end of the calendar year, which appears to be not objectionable to members.

#### Rule 6 Is Heart of Plan

The heart of the plan appears to be embodied in rule 6. Member companies after issuing policies will be entitled to cancel only if an employer-assured should be found not entitled to compensation under the rules, and then only if the industrial commission approves. At best, considerable delay is anticipated in obtaining this approval and in the meantime the companies will be on "hot" risks without power to take any action.

In substance this plan is the best break the companies could negotiate in view of the demand in Wisconsin that undesirable risks be covered and the thinly veiled threat that unless the companies offered a market they might find themselves pushed out by a monopolistic state fund.

It is evident there is only a small chance that the companies ever will make a profit out of this plan. They have practically no control over the business they must accept, as almost arbitrary power is placed in the hands of the general manager of the bureau. They cannot cancel, even for cause, except as the industrial commission approves. Compensation men consider this a very bad precedent to set up.

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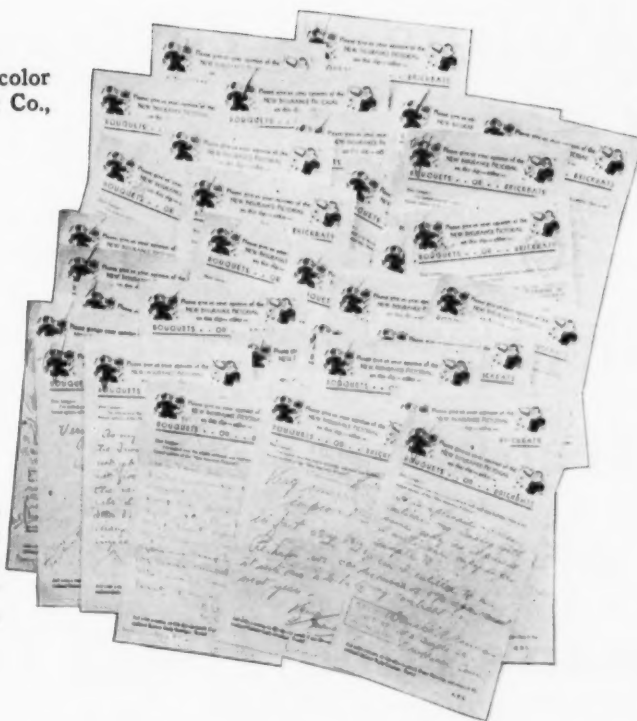
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"We agree with you that the New Pictorial is a better Pictorial."—Sturtevant-Overin Co., New York City.

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mains the same. Hundreds of agents have demonstrated that it pays to keep in touch with clients and prospects by means of an interesting pictorial bulletin. And the bulletin—The Pictorial—has been made more interesting. It has been given a new appeal through color. And it offers greater individuality for each franchise holder.

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